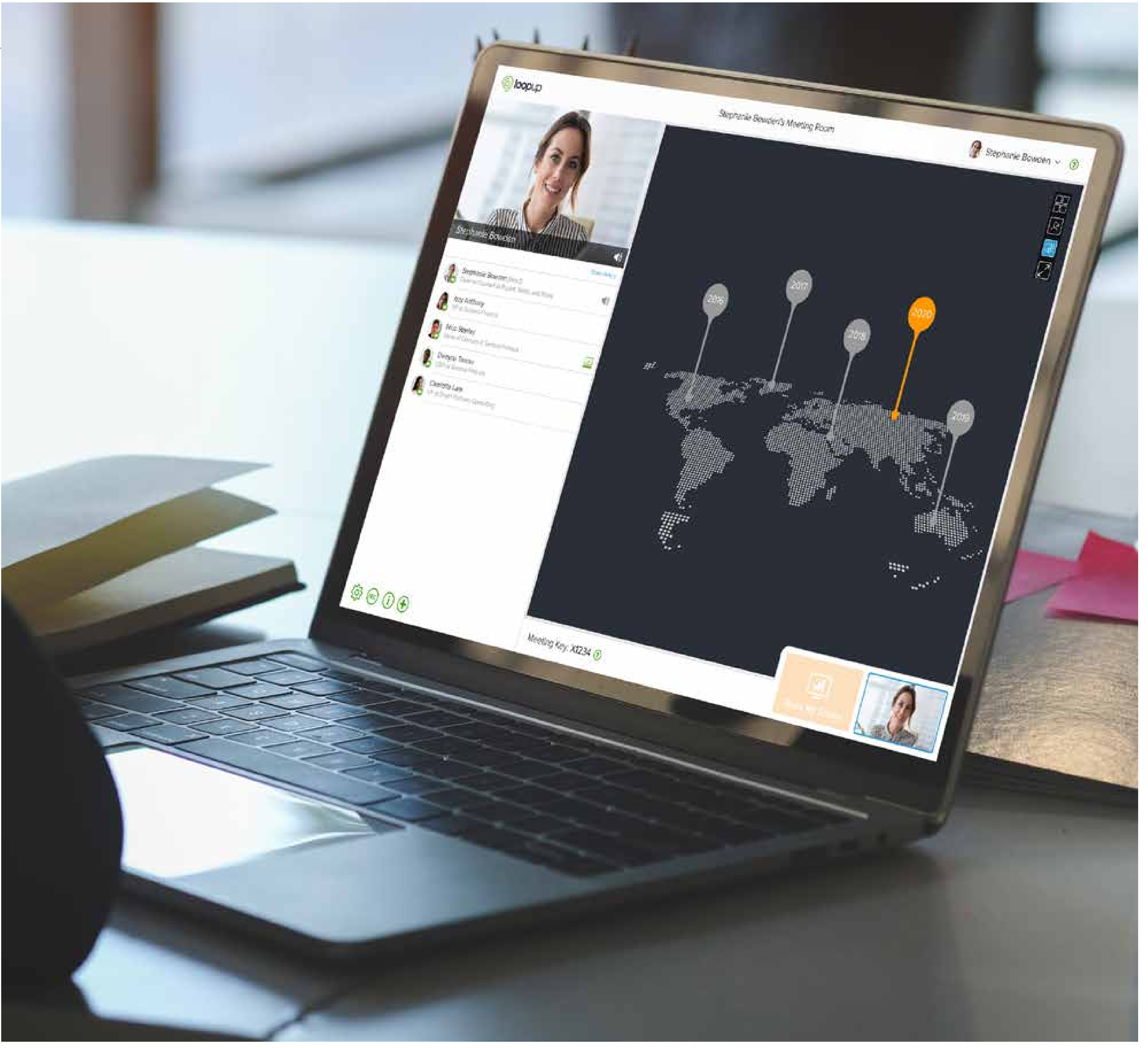
loopup

ANNUAL REPORT & ACCOUNTS 2019

CONTENTS

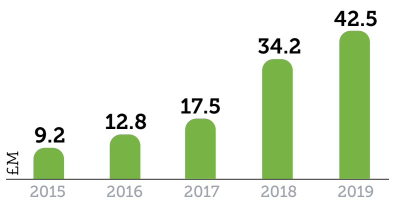
Creating value for our customers by delivering a differentiated, premium remote meeting experience.



A year of continued strong demand for the LoopUp product

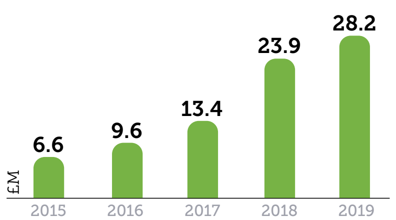
Revenue[1,2]

£42.5m



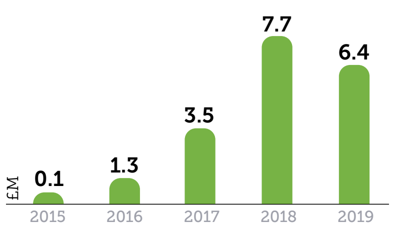
Gross profit[1,2]

£28.2m



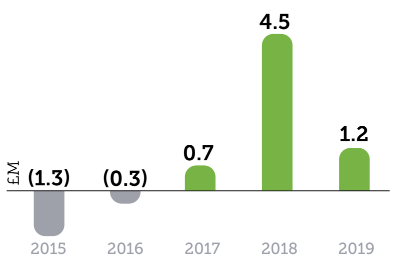
Adjusted EBITDA[1,2,3]

£6.4m



Adjusted operating profit[1,2,3]

£1.2m

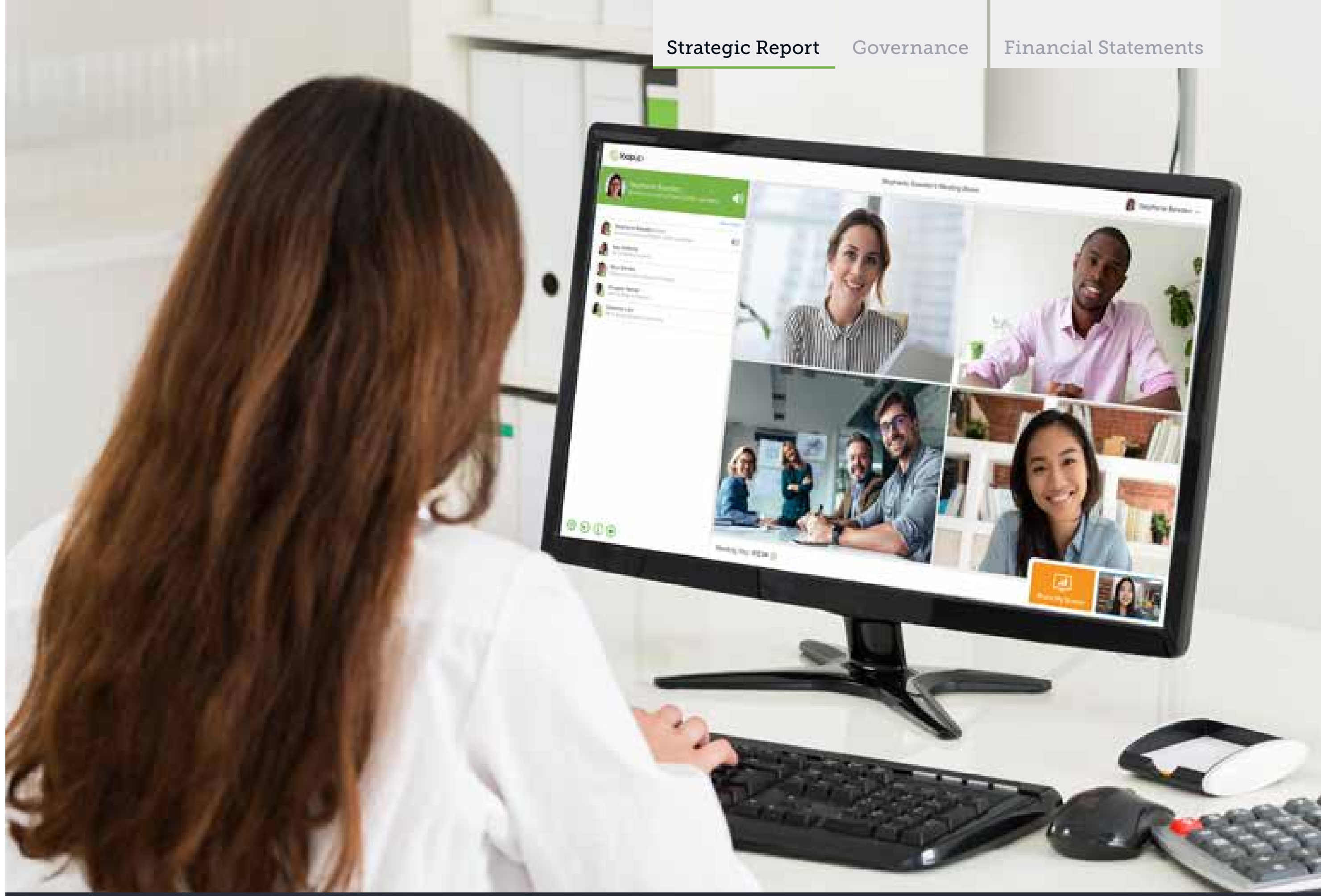


Cash at 31 December 2019

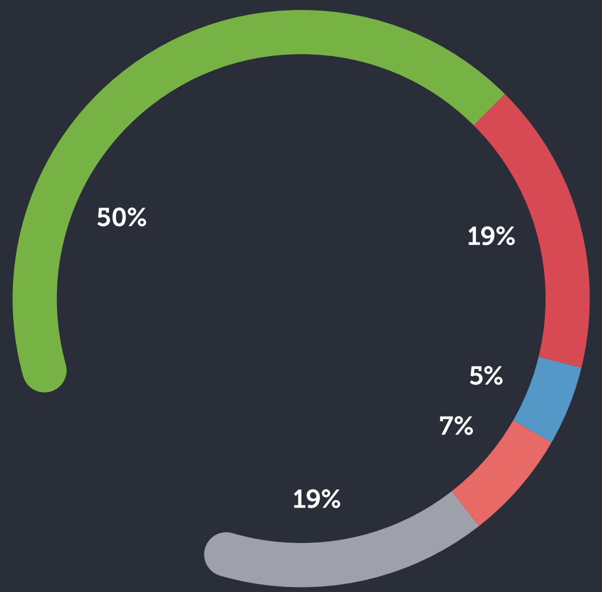
£3.0m

Notes:

1. Financials for 2015 and 2016 exclude discontinued BT technology licensing line of business that ended November 2016
2. 2018 includes 7 months of MeetingZone trading from June 2018
3. Adjusted EBITDA and operating profit exclude non-recurring transaction costs, exceptional reorganisation costs, amortisation of acquired intangibles and share-based payments charges



GROUP REVENUE SEGMENTATION (%):



Graph key:
- Core LoopUp product
- MeetingZone audio[1]
- Event by LoopUp[2]
- Enablit[3]
- Cisco (WebEx) resale

1. Transition of MeetingZone audio customers over to the LoopUp platform completed in Q4 2019 (except Sweden)
2. Product for important operator-assisted, managed events
3. Product providing managed quality-of-service voice for Microsoft Teams and Skype for Business

Reliable, secure and productive for business-critical communications

Remote meetings and conference calls have become a mainstay of day-to-day business life. Over 2 billion conference calls take place around the world each year, accounting for more than 50% of all voice calls at large enterprises.

Market growth is expected to continue. Notwithstanding recent changes in working practice stemming from the Covid-19 outbreak, research suggests that the proportion of business meetings that take place in person will decrease considerably over the next 5 years. Organisations are under increasing pressure to reduce their carbon footprint, and travel is the largest source of emissions for many businesses.

LoopUp is differentiated from broader competition through its strategic focus on the Professional Services market – legal, financial and other client-led business sectors. User needs and priorities are quite distinct in these sectors from those of the general enterprise market. Conference calls are predominantly with external guests, such as client and adviser-to-adviser meetings.

These business-critical calls really matter, all of them. Security and reliability are non-negotiable. LoopUp ensures that its calls are always over tier-1 managed quality-of-service networks, rather than over the public internet.

External guests are often the most important people on Professional Services conference calls, and many may be using the software for the first time. There's little patience for wasted time downloading software or trying to work out how to join the meeting. LoopUp provides a really simple experience, focused first and foremost on the needs of external client guests. All you need is a phone and a browser – no downloads and no training required for richer, more engaged multimedia meetings.

We help over 5,000 companies with simple, secure and reliable remote meetings, including more than 20% of both the AmLaw Global 100 and world's top-100 private equity firms.

POWERFUL COLLABORATION FEATURES

One-click screen sharing and video for more engaged meetings

Visibility, security and control on all your calls

REALLY, REALLY SIMPLE TO USE

And by really, we mean 'really'!

No training required, and no downloads for guests

ABSOLUTE AUDIO RELIABILITY

Click the join link and LoopUp calls your phone

Always over tier-1 managed networks and never over the public internet

Increasing focus on Professional Services[1] sectors

2019 throws a spotlight on our increasing focus on Professional Services segments that account for over $2 billion, approximately 30% of the $7 billion global market[2] for remote meetings.

By contrast, Professional Services segments represent approximately 70% of LoopUp product revenue[3].

Key Professional Services KPIs (LoopUp core product, 2019)

ACTIVE USERS[4]

↑ 24%

growth in Professional Services versus 10% overall

MINUTES

↑ 19%

growth in Professional Services versus 1% overall

REVENUE

↑ 12%

growth in Professional Services versus a 1% decline overall

GROSS REVENUE CHURN[5]

5.6%

in Professional Services versus 9.0% overall

NET REVENUE RETENTION[6]

103%

in Professional Services versus 93% overall

NEW CUSTOMER CAC RATIO[7]

0.96

in Professional Services versus 1.38 overall

Notes:
1. Professional Services sectors include: law, investment banking and corporate finance; private equity and venture capital, asset and fund management, consulting, accounting, insurance, marketing and advertising, PR and media, recruiting, and property
2. Source: Wainhouse Research data and discussions, 2019
3. All data on this page relates to organic LoopUp business and so excludes accounts transitioned to LoopUp following the MeetingZone acquisition
4. An active user is a LoopUp host who has used the product over the prior 3-month period
5. Gross Revenue Churn measures the full-year revenue in year X-1 that is deemed lost from accounts that fall to less than 5% of historic levels in year X, divided by the revenue in year X-1
6. Net Revenue Retention measures month-on-month revenue changes in accounts that are more than 4 months old, compounded to form an annualised number
7. The fully-loaded cost to acquire £1 of new customer annual recurring revenue

Increasing strategic focus on Professional Services segments

Differentiation through simplicity, security and reliability.

Steve Flavell and Michael Hughes

FY2019 throws a spotlight on the Professional Services market for remote meetings, where LoopUp's competitive value proposition is strongest, and where the business is increasingly focusing its commercial and product development resources.

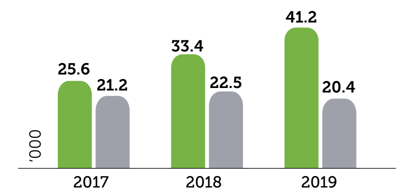
Professional Services sectors represent approximately $2 billion of the $7 billion[1] global market, including law, investment banking and corporate finance; private equity and venture capital, asset and fund management, consulting, accounting, insurance, marketing and advertising, PR and media, recruiting and property.

Organic LoopUp growth in Professional Services – in terms of active users, minutes and revenue – has materially outpaced organic growth in the business as a whole during FY2019, as our differentiation becomes more apparent in that segment and as larger competitors continue to focus on the broader market.

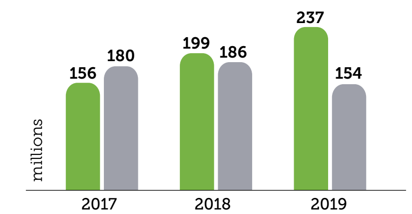
Active users grew by 24% in Professional Services versus 10% overall; minutes grew by 19% in Professional Services versus 1% overall; and revenue grew by 12% in Professional Services versus a 1% decline overall.

The Professional Services market has distinctly different needs and priorities from the remote meetings market as a whole. The main factor is the prevalence and importance of external guests on their meetings, often the most important participants on the call. Conference calls and remote meetings have become the lifeblood of critical day-to-day client and adviser-to-adviser communications.

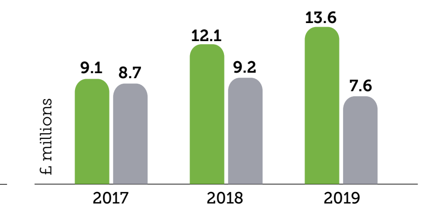
CORE LOOPUP PRODUCT ACTIVE USERS[2,3]



CORE LOOPUP PRODUCT MINUTES[3]



CORE LOOPUP PRODUCT REVENUE[3,4]



Graph key: Professional Services · Other sectors

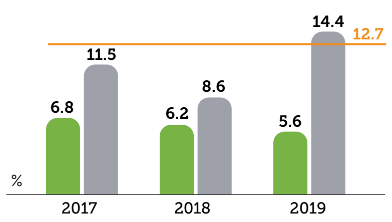
A best-in-class product for the Professional Services market, therefore, looks quite different to a leading product for the broader enterprise market, where internal team calls are far more dominant:

- VoIP audio is less reliable for external guests over the public internet than for internal guests over well-managed corporate networks. Reliable audio quality is paramount for most Professional Services firms and so LoopUp chooses not to permit it. By contrast, VoIP audio makes eminent sense for products targeting the market as a whole.
- Software downloads/installs can be problematic for external guests due to security permissions, whereas IT teams can pre-install the software for internal users. Given the importance of the external guest experience for Professional Services firms, LoopUp chooses to avoid any install as part of the core guest experience. By contrast, nearly all products targeting the market as a whole understandably choose differently.
- External guests will often be unfamiliar with the product versus internal users who use it every day. LoopUp therefore chooses to keep its product feature-lite and incredibly simple for the Professional Services market. By contrast, nearly all products targeting the market as a whole choose differently as they seek to accommodate quite varied departmental use cases.

In summary, LoopUp is optimising its value proposition and product experience for the distinct needs of the $2 billion Professional Services market, rather than competing head-to-head with its considerably larger competitors for the market as a whole.

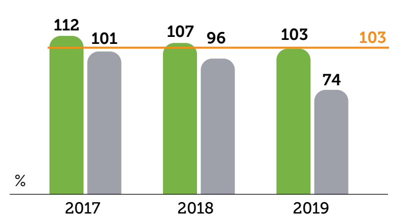
Notes:
1 Source: Wainhouse Research data and discussions, 2019
2 An active user is a LoopUp host who has used the product over the prior 3-month period
3 All data on this page relates to organic LoopUp business and so excludes accounts transitioned to LoopUp following the MeetingZone acquisition
4 At FY2019 constant currency

GROSS REVENUE CHURN



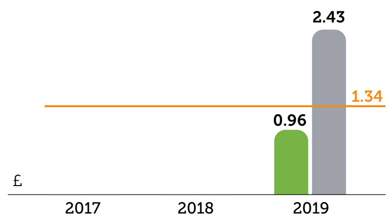
Measuring the lost revenue impact of customers that move away from LoopUp to another provider.

NET REVENUE RETENTION



Measuring all revenue changes, both positive and negative, in accounts that are more than 4 months' old.

NEW CUSTOMER CAC RATIO



Measuring the fully-loaded sales and marketing cost to acquire £1 of new customer ARR.

Graph key: Professional Services, Other sectors, SaaS Benchmark[5]

Key LoopUp unit economics metrics

We have evolved our key LoopUp unit economics metrics to align closer with SaaS norms and industry standards, and given the change, we provide three years of backward-looking data where possible.

1. **Gross Revenue Churn** – measuring the lost revenue impact of customers that move away from LoopUp to another provider
2. **Net Revenue Retention** – measuring all revenue changes, both positive and negative, in accounts that are more than 4 months' old
3. **New Customer CAC Ratio** – measuring the fully-loaded sales and marketing cost to acquire £1 of new customer ARR

This data further emphasises our stronger performance in the Professional Services market, where all three metrics compare favourably with SaaS benchmarks, notwithstanding the macro headwinds that the business faced in FY2019.

Other business units

In Q2 2019, we relaunched 'Event by LoopUp', which emphasises the role played by its account managers and highly skilled event call operators in order to differentiate its service offering in the market. The business generated £2.2 million of revenue in FY2019 (FY2018: £1.4 million), and having now expanded operations to the US market, we expect to see further growth during FY2020.

In Q4 2019, we essentially completed the transition of MeetingZone audio conferencing customers over to the LoopUp platform in MeetingZone's main UK, US and German geographies, leaving just Sweden to follow during FY2020. MeetingZone audio revenue was £8.3 million in FY2019 (FY2018: £6.0 million), including both transitioned and untransitioned customers.

Notes:
5 KBCM Technology Group (formerly Pacific Crest Securities) survey of 424 SaaS companies, conducted in July 2019 for 2018 data

In Q2 2019, we rebranded MeetingZone's former Microsoft practice to 'Enablit'. While not in the world of remote meetings specifically, Enablit's platform integrates with Microsoft Teams (and Skype for Business) implementations to provide customers with competitively-priced and reliably-operated external voice termination. The business achieved revenue of £2.8 million in FY2019 (FY2018: £1.6 million) and we anticipate further growth in FY2020.

Our Cisco (WebEx) resale business achieved revenue of £8.1 million in FY2019 (FY2018: £4.7 million). During FY2020, our core focus in this business unit will shift somewhat to driving greater product adoption and upsell opportunities in this customer base, as well as continuing to seek new business opportunities.

Covid-19 impact

As a result of the move towards large scale working from home since March 2020 associated with the Covid-19 outbreak, we have experienced a material increase in volumes across our global platform. We remain focused and incredibly busy, helping to keep our customers safely connected from home in these challenging times. Our team is working hard to ensure our global platform capacity remains comfortably above demand levels as our customers, many of which are major Professional Services firms, are relying on us as a business-critical means of secure communication. We are proud of the role we are playing, which includes providing service to approximately 20 NHS trusts, currently on a pro bono basis.

In May 2020, we reported year-to-date Group revenue from January through April 2020 as being at least 40% higher than the same period last year, driven by: (a) existing customers, where users have been more active and additional new users have been deployed; (b) new customers switching to LoopUp, very often after having experienced reliability issues with their incumbent product relating to VoIP-based audio over the public internet; (c) increased usage of multi-media capabilities in the LoopUp product, including a disproportionately high increase in video usage; and (d) materially more events hosted on our 'Event by LoopUp' platform.

Steve Flavell
Co-CEO

Michael Hughes
Co-CEO

Expanding our proven distribution model and continuing to develop our proposition remain top priorities

PRIORITY →	EXPLANATION →	ACHIEVEMENTS →	OUTLOOK
EXPAND OUR COMMERCIAL DISTRIBUTION	Continue to invest in our proven pods sales model and expand marketing activity to build awareness of LoopUp and generate inbound leads, with increasing focus on Professional Services sectors.	• Increased the average number of sales pods from 7.5 in 2018 to 10 in 2019. • Expanded our geographic footprint by opening new offices in four major Professional Services centres – Chicago, Dallas, Los Angeles and Madrid. • Increased the volume of target-market inbound leads by 43% by focusing marketing activity on reaching IT decision makers and users in Professional Services verticals. • Expanded the range of marketing activities to include targeted digital display advertising in multi-tenanted office buildings and intent-based online display advertising.	Increase sales pod focus on Professional Services, for which LoopUp's simple, reliable and secure product is optimised. Launch a new 'freemium' proposition to attract more new target market users to LoopUp and amplify the network effect from the guest experience on calls.
CONTINUE TO DEVELOP OUR PROPOSITION	Continuing to optimise the LoopUp product for the distinct needs of the Professional Services world versus the market as a whole.	• Launched 'video the LoopUp way' across our global customer base. • Developed a new account area for users and account administrators with faster load times and a new look and feel, and translated into six languages. • Introduced co-branding so that customers can display their logo on every LoopUp meeting they host. • Launched 'Event by LoopUp', an upgraded operator-assisted service for events with up to 10,000 guests, commonly used for town hall calls and important external announcements. • Introduced a new support site to make it easier for users and administrators to find support articles and other resources.	Conduct in-depth qualitative research with CIOs at Professional Services firms to help inform our medium term roadmap. Introduce new capabilities that are optimised for the distinct needs of the Professional Services world to increase differentiation versus mainstream remote meeting providers. Continue to scale all aspects of our global platform to ensure best-in-class service reliability and security at materially-increased business volumes.

We are committed to investing in our people and creating an environment where every employee can reach their full potential

We strive to invest in professional development, encourage collaboration, and create a respectful and happy working environment for all our employees.

A culture of teams and teamwork

There is a clear emphasis on teams and cooperative team-working across our business. We believe this creates a progressive and happy working environment, which in turn drives more consistent high performance for our business.

Our new business acquisition people work in small teams, or pods. Each pod works to shared processes and metrics and is incentivised solely as a team on the basis of new recurring revenue brought into the business. This drives a collaborative 'best foot forward' culture in contrast to self-interested choices inspired by individual commission schemes.

Similarly, our engineers work in scrum teams, with each scrum including a mix of engineering, quality assurance and product management resource. Working in scrums makes us nimbler and more productive, and ultimately leads to faster and higher quality product innovation.

Our customer success organisation also operates as a global team in a 'follow the sun' model. Every eight hours one support team hands over their work to the next team in a live 'all-hands' call, and this allows us to deliver a more joined-up and higher quality service to our customers who are relying on us for their critical, day-to-day client communications.

KEY STATS

Employees
264

Female employees
50.4%

Number of offices
16

Percent of staff promoted in 2019
23%

Investing in professional and personal development

We encourage LoopUp employees to pursue continuous professional development and offer many internal and external training programmes.

- All new employees go through a company induction to get a grounding on who does what, why we exist, and how our product adds value to our customers.
- We run a three-month global training programme called 'Pod Academy', which is aimed at more experienced hires making a career change into sales.
- 'Event by LoopUp' runs a three-week 'Operator Academy' programme to train all our newly-recruited event call operators with the skills and knowledge to be able to provide the highest standards of operator assistance in the industry.
- We offer training to develop leadership skills for newly-appointed managers with our 'Emerging Leaders Programme'.
- We run a vocational training fund and time-off policy for employees to undertake external training and obtain career-related qualifications.

A happy working environment

In all our offices, we strive to create a happy and supportive working environment, which strikes the right balance between communication, productivity and fun.

In November 2019, LoopUp moved its London Headquarters to The Tea Building in Shoreditch. The new design incorporates plenty of team-working zones, quiet places to focus on problem-solving, and open spaces to engage and socialise with colleagues.

We strive to keep an open dialogue between management and staff. The company hosts a monthly all-hands call to update all employees on important initiatives across the business and we also have our company intranet – the Loop – so that everyone is up to speed with developments across our 16 global offices.

Rewarding and aligning performance

We give considerable thought to developing reward schemes that are simple, understandable and aligned with our goals. We seek to promote from within whenever possible and indeed 23% of employees were promoted in 2019.

We also operate a share-based incentive scheme where employees of a certain seniority and tenure are granted options in the company, typically subject to a four-year vesting profile and a market strike price.

Our values

ACTING WITH PROFESSIONALISM

- Being accountable and reliable
- Displaying professionalism
- Acting with integrity

DEMONSTRATING A 'ONE TEAM' ATTITUDE

- Treating others with trust and respect
- Being collaborative, helpful and supportive
- Making the job fun

DISPLAYING A PASSION FOR RESULTS

- Being industrious, determined and ambitious
- Taking ownership and being a self-starter
- Being innovative, curious and agile
- Focusing on business outcomes and taking a lean approach

Focusing on the environment, our communities and our future

At LoopUp, we believe in making a commitment not just to our customers, but also to the communities we live and work in, to our planet, and to society more broadly.

We strive to make a difference in three ways - having a positive impact on the environment, promoting equality and social mobility, and supporting entrepreneurial activities.

Using LoopUp to reduce business travel

Approximately 14% of greenhouse gases are attributed to travel, and yet business travel has continued to grow globally at 3-5% each year[1]. We understand that this needs to change and that's why we are actively working with our customers to help them use our technology to reduce their own environmental footprints.

Our solution is designed to inspire our customers to meet remotely as much as possible rather than feeling the need to travel, and we're always striving to improve that product experience to move the needle further.

Green Earth Appeal

As part of our commitment to being a sustainable and environmentally responsible company, we are a long-standing partner of the Green Earth Appeal, a global not-for-profit social enterprise supported by the United Nations.

We have pledged to plant a fruit tree for every new, fully set-up LoopUp user, and since the programme's launch, we have now planted over 30,000 new trees.

The fruit trees are planted in some of the world's poorest locations across South America, Africa and Asia. These trees serve to reverse the impact of greenhouse gas emissions, but also to provide food and revenue for the local communities in which they're planted.

> *The contribution from LoopUp volunteers on the Future Frontiers coaching programme has been phenomenal. We have been hugely impressed with their commitment to our young people and their generosity with their time and networks. Coaches have consistently gone above and beyond to improve the knowledge, skills and self-belief of the young people they have supported. We are very proud of our partnership and would like to extend our warmest thanks to the whole LoopUp team for your continued support.*
>
> **Fabia Crole,**
> **Head of Partnerships, Future Frontiers**

Notes:
1 Source: '10 Business Travel Trends for 2019' Skift Report 2018

Future Frontiers

As part of our commitment to promote social mobility, we partner with Future Frontiers, an award-winning social enterprise that provides one-to-one career guidance and coaching for pupils from low income backgrounds across London.

In 2019, we supported 25 young people with skills development, with 17 LoopUp employees participating in a coaching programme which took place across four weekly sessions. Students spend time with their coach, discussing their ambitions and building a personalised development plan.

Steve Flavell, Co-CEO at LoopUp, is also a founding member of the Future Frontiers Business Leaders' Council.

Shine Through Sport

As part of our commitment to promote equal opportunities in the local community, we sponsor Shine Through Sport. The not-for-profit organisation uses the power of coach-led sport to help inspire, and lead children towards healthy lifestyles and a lifelong love of sport. Shine Through Sport partners with sports clubs to provide local schools and communities with access to high-quality, qualified professional coaches.

In 2019, Shine Through Sport and its sponsors supported six schools, resulting in 592 children receiving 438 hours of coaching.

GBx

At LoopUp, we understand the importance of entrepreneurship and giving people opportunities for their ideas and technologies to grow and flourish. That's why we support GBx, a not for profit organisation designed to help mentor new entrepreneurs entering the San Francisco Bay Area.

GBx is a community of British tech entrepreneurs, investors and senior technology executives in the Bay area which offers help, support and advice to other entrepreneurs looking to establish themselves. The organisation was founded by eight entrepreneurs including our Co-CEO Michael Hughes who is also a British entrepreneur living in the Bay area himself. GBx also informs British Government policy thinking on some of the key emerging issues in the tech space.

We are also committed to inspiring a new generation of women entrepreneurs. That's why we are supporting Imperial College London's WE Innovate programme which aims to help enterprising female students get their ideas off the ground.

Silicon Valley Internship Programme

The Silicon Valley Internship Programme (SVIP) was founded by LoopUp's Co-CEO Michael Hughes in 2013. The aim of the programme is to expose some of the most talented young people around the world to the tools, experiences and network they need to flourish.

Top-ranking Software Engineering and Computer Science graduates across the world apply to the programme and successful applicants are then given a one-year internship at a high growth tech company in Silicon Valley. They are employed as full-time members of the engineering team from the first day and receive a salary and other benefits throughout.

In 2019, we hired 6 engineers through the SVIP.

As we grow, we will continue working with our employees, our community, and our industry to further integrate corporate social responsibility into our everyday business and bring the most value to all stakeholders.

A year of continued strong top-line growth

Reinforcing our focus on the Professional Services market.

Simon Healey

Group revenues increased by 24% year on year to £42.5 million in FY 2019.

Operating results

The Group's results for FY2019 include a full year of activity from the acquired MeetingZone business, compared to only seven months in FY2018. Group revenues increased by 24% year on year to £42.5 million. Revenue from Group meetings services (excluding our WebEx resale business and 'Enablit' add-on services for Microsoft Skype for Business and Teams) grew 13% to £31.6 million.

The Group's blended gross margin reduced from 69.9% in FY2018 to 66.4% in FY2019, as a result of having the full year of non-core revenues that operate at lower gross margins. Core LoopUp margins increased from 78% to 79% as a result of our continuing efforts to reduce costs of supply as our volumes increase. We expect to see further improvements in this margin during FY2020.

The Group's overhead base increased by 34% over the prior year. This was due to a combination of a full year of MeetingZone overheads, and the impact of the investments in sales and operational staff made during FY2018 and early FY2019. Average headcount increased by 40% to 264 full time employees.

Adjusted EBITDA (before exceptional non-recurring items) was £6.4 million in FY2019 compared to £7.7 million in FY2018.

Reinforcing our focus on the Professional Services market, the Group has increased its product development spend from £4.3 million in FY2018 to £5.0 million in FY2019. The resulting amortisation charge is lower at £3.8 million (FY2018: £2.6 million) due to the timing of completion of individual development projects. There were no issues with impairment of development projects in either year. The intended extra investment in product development announced early in 2020 would result in spend rising towards approximately £6.0 million in FY2020.

The implementation of the new leasing standard, IFRS 16 has resulted in an increased depreciation charge of £0.8 million – costs which would have previously been included in administrative expenses.

The Group has recognised a further exceptional charge of £0.5 million in FY2019, of which £0.3 million relates to the cost reallocation project announced early in 2020, and £0.2 million relates to a MeetingZone lease that is now surplus to requirements and hence considered onerous.

A full year of amortisation of the intangible assets acquired with MeetingZone in FY2019 has been included, resulting in a £2.2 million charge (FY2018: £1.3 million). The Directors have reviewed the valuation of these assets, particularly given the Group's current share price, and are confident that no impairment charge is required.

The Group continues to receive a tax benefit from its product development activities, and we expect to submit a claim for approximately £1.4 million of tax cash credit for FY2019, in addition to the £1.1m successfully claimed for FY2018. This is partly offset on the income statement by taxes incurred overseas, of which £0.4 million relates to prior year tax liabilities.

Assets and cash flows

The implementation of IFRS 16 has resulted in a grossing up of the group balance sheet of £3.2 million of which £2.3 million is non-current.

The Group's operating cash flow (after capital expenditure and product development spend) was a positive £0.1 million for FY2019 (FY2018: £0.6 million). After debt and interest repayments, the Group's cash balance fell by £2.6 million to end FY2019 at £3.0 million. Management has conducted detailed scenario modelling and we are comfortable with respect to both the Group's near-term cash requirements and our ability to operate well within lending covenants, even in a downside scenario. We also note the availability of our £3 million revolver facility should it be required.

The Group has over £13 million of accumulated tax losses available for relief against future taxable profits. The Directors have decided not to recognise a deferred tax asset on these losses at this time, as the significant investment being made in product development is still generating tax losses in the UK. This will be reviewed again in FY2020.

Subsequent events

The COVID-19 outbreak has resulted in a material increase in demand for the Group's services. This is expected to result in improved revenue, EBITDA and cash generation during 2020, although it is currently too early in the year to fully quantify the impact.

Simon Healey
CFO

Revenue

£42.5m

FY2018: £34.2m

Adjusted EBITDA

£6.4m

FY2018: £7.7m

As with any business, the Group is subject to a number of risks and uncertainties, some of which are outside of our control. The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are consistent, so far as appropriate given the size and nature of the business, with the guidance issued by the Financial Reporting Council.

Below, we have identified the principal risks and uncertainties which could have an adverse material impact on the Group. This list is not exhaustive and it should be noted that additional risks, which the Group does not consider material, or of which it is not aware, could have an adverse impact.

PRINCIPAL RISK	IMPACT	MITIGATION
COMPETITION AND TECHNOLOGICAL CHANGE	The Group's primary competitors are, in many cases, significantly larger enterprises with greater financial and marketing resources. There can be no guarantee that the Group's current competitors or new entrants to the market will not bring new or superior technologies, products or services at similar or lower prices.	We maintain and promote a differentiated value proposition. The Group is focused on the specific needs of Professional Services firms and other organisations where remote meetings are 'mission-critical' and typically involve external guests, in contrast to other providers which target the mainstream where most remote meetings occur internally between colleagues. In 2020 the Group is increasing its investment in product development by expanding its engineering team.
PEOPLE	Difficulties encountered in retaining senior staff and recruiting appropriate employees, and the failure to do so, or a change in market conditions that renders current incentivisation structures lacking, may hinder the Group's ability to grow.	The Group believes it has the appropriate incentivisation structures in place to attract and retain the calibre of employees necessary to ensure the efficient management, operation and growth of the business.
KEY SYSTEM FAILURE OR DISRUPTION	Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's services, with a consequential material adverse effect on operations and results.	The Group regularly reviews the appropriate redundancy and resiliency in its network operations, is ISO 27001 certified across its global operations, and has implemented a sophisticated Service Event Response Team (SERT) with detailed processes and procedures for responding to any size or type of service outage or disruption. Members of the SERT are located around the world, enabling 24x365 coverage.

Key

Increased Decreased Unchanged

PRINCIPAL RISK	IMPACT	MITIGATION
PRODUCT DEVELOPMENT	New capabilities and enhancements introduced into the Group's product may contain undetected defects that fail to meet customers' performance expectations or satisfy contract specifications, and this may impact the Group's results and reputation.	All product releases are put through rigorous quality assurance cycles, followed by internal user acceptance testing before release to customers in a considered and organised rollout strategy. Care is also taken to be able to 'roll back' to previous versions of the product whenever practically possible.
INTELLECTUAL PROPERTY	Challenges to the Group's intellectual property or alleged infringements of others' intellectual property, by either competitors or other third parties, could result in costs, liabilities and operational uncertainties for the Group and there can be no guarantee as to the outcome of any such challenge or associated litigation. The Group also licences software from third parties and the Group's continuing rights to do so cannot be guaranteed.	The Group is aware neither of any challenges to its intellectual property, including its three granted patents, nor of any infringements to others' intellectual property. We maintain an active policy regarding patents and trademarks as appropriate. We maintain robust contracts with any key software licensed from third parties, and are aware of and informed about alternative sources of supply as necessary.
FOREIGN EXCHANGE	Given the Group's material US sales and operations, fluctuations in foreign currency exchange rates could have a material effect on the Group's revenue and profitability, and there can be no guarantee that the Group would be able to compensate or hedge against such effects.	Our percentage of revenue denominated in US Dollars is currently broadly aligned with our percentage of costs denominated in US Dollars and we closely monitor both that alignment and foreign exchange movements on an ongoing basis.

We believe that proactively engaging with, and acting on the needs of, our key stakeholders is critical to a culture and strategy that achieves long-term sustainable success

The Board identifies the following as its key stakeholders and it is committed to effective engagement with them to promote the success of the company for the benefit of each group:

Shareholders
Our aim is to promote long term value and growth to our shareholders. Through our AGM, Capital Markets Day, investor meetings and other discussions with our shareholders, we are able to communicate effectively with this group to help shape our commercial strategy. Please see our Corporate Governance Report on pages 26 and 27 for further information.

Employees
We are committed to investing in our people and creating an environment where every employee can reach their full potential. We regularly communicate with our employees via face-to-face meetings, employee surveys as well as team and company-wide meetings. Such communication drives the process on how we can support our employees reaching their potential. Please see the section on Our People and Culture on pages 12 and 13 and our Corporate Governance Report on page 30 for further information.

Customers
We pride ourselves on providing a reliable, secure and productive service to customers for business-critical communications. As well as the day-to-day contact from our Account Managers with customers we also seek feedback at the end of each call via LoopUp and host product advisory sessions. This information shapes how we innovate and develop our services. Please see our Why We Exist section on page 4 and our Corporate Governance Report on page 27 for further information.

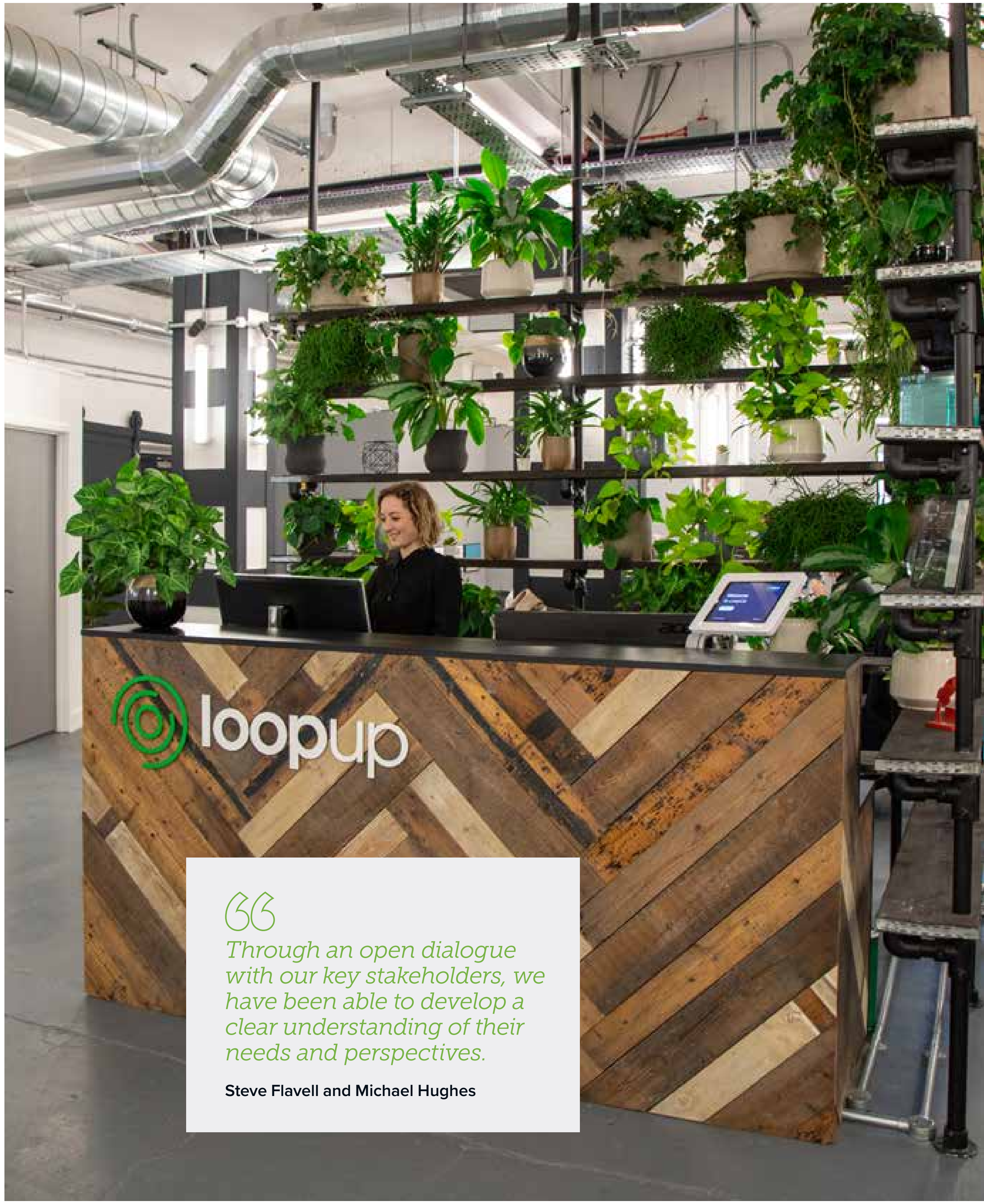
Community
We believe in making a commitment to the communities we live and work in, to our planet and to society more broadly. Please see our Corporate Social Responsibility section on pages 14 and 15 for further information.

Relevant information obtained from our key stakeholders is provided to the Board through reports sent in advance of each Board meeting and through in-person presentations. As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

This strategic report was approved by the Board of Directors and authorised for issue on 21 May 2020.

It was signed on their behalf by:

Steve Flavell
Co-CEO
21 May 2020



Through an open dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs and perspectives.

Steve Flavell and Michael Hughes

Non-Executives

Lady Barbara Judge CBE
Independent Non-Executive Chairman

Lady Judge is a trained commercial lawyer with both British and American citizenship.

Early in her career she was a commissioner of the US Securities & Exchange Commission and subsequently Deputy Chairman of the UK Financial Reporting Council. She was also Chairman of the Pension Protection Fund and the UK Atomic Energy Authority. Currently she is Chairman of Cifas, the UK membership organisation specialising in the prevention of fraud and financial crime. She is best known to UK tech investors for chairing the board of IT company Axon Group plc prior to its successful sale.

In June 2010 she was awarded Commander of the British Empire in the Queen's Birthday Honours for her contribution to the financial services and nuclear industries. In April 2015 she received the Times Non-Executive Director award for her chairmanship of the UK Pension Protection Fund.

Keith Taylor
Independent Non-Executive Director

Keith has extensive experience in finance having operated in the industry for nearly 30 years. He has worked for Barclays for over 20 years, most recently as a Managing Director within the Corporate & Investment Bank. He has also served as a Vice Chairman and Board Member of the Loan Market Association.

Additional Board experience includes several years as a Trustee Director of the Barclays UK Retirement Fund (one of the largest UK pension funds). Keith has a first class honours degree from Cambridge University and an MBA with distinction from Cass Business School.

A R N

Mike Reynolds
Independent Non-Executive Director

Mike most recently held the position of EVP at Syniverse Technologies, before which he served as CEO of 2degrees Mobile. Prior to 2degrees Mobile, Mike spent more than seven years in a variety of senior positions, including President at Singapore listed network operator, StarHub. As President, he was responsible for the day-to-day operations of 2,800 employees and US$1.4bn of revenue.

Previously, Mike spent 24 years at BellSouth, which included appointments as President of BellSouth China and CEO of BellSouth International Wireless Services.

A R N

Nico Goulet
Non-Executive Director

Nico is a managing partner at Adara Ventures where he has managed venture capital funds for the last 20 years. Nico has been actively involved with more than 35 early-stage ventures and served on the boards of 26 companies.

Prior to Adara, Nico was a partner at Monitor Company. Nico has a BSc degree in Aerospace Engineering from the École Centrale de Paris, an MSc in Aeronautics & Astronautics from MIT, and an MBA from INSEAD.

A R

Executives

Steve Flavell
Co-CEO

Steve co-founded LoopUp alongside Co-CEO Michael Hughes. Based in London, Steve oversees global commercial and investor relations activities, and is accountable for setting and delivering the Group's financial plan. Prior to LoopUp, Steve was EVP and main board Director at GoIndustry, an online industrial auctioneering platform, where as part of its founding team, Steve was involved in the company's organic growth and several acquisitions.

Previously, Steve spent time at Monitor Company, Mars & Co, and Mobil Oil.

Steve has an MBA from Stanford and an MEng/BA Hons from St. John's College, Cambridge.

N

Michael Hughes MBE
Co-CEO

Michael co-founded LoopUp alongside Co-CEO Steve Flavell. Based in San Francisco, Michael oversees the Group's product development, engineering and network operations worldwide. Prior to LoopUp, Michael was a founding member and CEO of Pagoo, a pioneering VoIP company, overseeing the company's expansion into Europe and Asia.

Prior to Pagoo, Michael was a strategy consultant with Monitor. Michael has an MEng from Imperial College, an MBA from Stanford as an Arjay Miller Scholar, and was awarded a Sainsbury Management Fellowship by the Royal Academy of Engineering.

Michael was made a Member of the Order of the British Empire (MBE) in Her Majesty's 2017 New Year's Honours List for services to graduate development via the Silicon Valley Internship Programme.

Simon Healey
CFO

Based in London, Simon is responsible for LoopUp's global finance function. He joined the business in 2011 as CFO. Prior to LoopUp, Simon held senior finance positions at Streetcar (which was sold to Zipcar, the global car-sharing service, in 2010) and Research Now, the formerly AIM-listed online market research firm, since acquired by E-Rewards. Simon is a Chartered Accountant who trained with KPMG and holds a degree in Accountancy from the University of Birmingham.

Key to Committees

A Audit
R Remuneration
N Nomination

Sharpening our strategic focus

Lady Barbara Judge CBE

2019 marked the sharpening of our strategic focus on the Professional Services market for remote meetings, where the Group generates the majority of its revenue. In spite of macroeconomic challenges that led to suppressed average usage last year, we achieved 25% organic growth in our Professional Services user base and a 12% increase in associated revenue.

This reflects our differentiated strategy to optimise the LoopUp product for the distinct needs of the Professional Services market, rather than a one-size-fits-all approach for the market as a whole. We have an increasingly strong brand awareness in these legal, financial and other client-led sectors, which account for approximately $2 billion of the global $7 billion market. We are proud to provide service to more than 20 of both the world's top-100 law firms and top-100 private equity firms.

As I write this statement, many of the Group's core geographic markets continue to be in a state of lockdown as a result of the Covd-19 pandemic. The Company's response to these challenging circumstances has been impressive. A Business Continuity team anticipated the need to close all offices globally in order to protect the health of our employees and to slow the spread of the virus. Preparation was made for all staff to work effectively from home without compromising service delivery, customer support or information security.

The Company's network infrastructure is highly scalable, and capacity was added to meet increased demand from both existing and new customers. Unlike many of the Group's competitors, we have experienced no major service outage over this period of material increase in business volumes. The Group is uniquely positioned to help businesses during these unprecedented times, and our customers are relying on us right now to help them stay connected by maintaining exceptional service levels.

The long-term impact of the pandemic is yet to be determined, both for the economy in general and for our core Professional Services market. The Group, however, is well positioned to benefit, not only in terms of the clear material increase in near-term demand, but also from potential longer-lasting changes in business practice towards greater home-working.

During FY2019, the Directors and executive team delivered continued growth in market share in the Group's core target market by winning numerous landmark accounts. This performance is testament to the hard work and dedication of every member of the team, and I would like to thank each one of them on behalf of the Board.

I remain of the opinion that LoopUp creates significant value for its customers by delivering a differentiated, premium product experience, which we continue to innovate and improve. I am delighted to continue to serve as Chairman, and to count on the support of such a strong and committed management team and Board of Directors. I look forward to connecting with shareholders at the AGM.

Lady Barbara Judge CBE
Chairman
21 May 2020

Committed to high standards of corporate governance

A note on corporate governance

The Board recognises the importance of, and remains committed to, the maintenance of high standards of corporate governance. Through these high standards, it is the Board's aim to deliver growth, maintain a dynamic management framework and build trust – such matters being key ingredients to delivering long-term sustainable performance.

After due consideration, the Board has chosen to report against the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The following Statement of Compliance sets out in broad terms how we comply at this point in time against the ten principles set out in the QCA Code. The Board shall review and update this Statement of Compliance periodically as the business progresses.

The composition of the Board was considered carefully prior to LoopUp Group plc's admission to AIM in 2016 and again in light of the recent acquisition of MeetingZone and departure of Barmak Meftah from the Board. The Board holds its strategic decision-making meetings in various Group offices, taking the opportunity to meet with members of both the Executive Team and wider senior management team, building their knowledge of the business.

I remain of the opinion that LoopUp creates significant value for its customers by delivering a differentiated, premium product experience, which we continue to innovate and improve. I am both honoured and pleased to continue to serve as Chairman, and to count on the support of such a strong and committed management team and Board of Directors.

QCA Code Statement of Compliance

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Delivering growth

Principle	Application	Compliance
1. Establish a strategy and business model which promote long-term value for shareholders.	The Board must be able to express a shared view of the Group's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Group intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Group from unnecessary risk and securing its long term future.	The pursuit of growth of the LoopUp product line is focused on the following key areas: **Pod investment** – we have continued investment into our team-based 'Pods' organisational structure for new business acquisition. Such investment involves training individual sales and account management employees to a high standard and to articulate clearly the advantages of using LoopUp. **Product development** – we continue to invest in developing the LoopUp product. This continues to remain at the heart of our corporate strategy as we continue to enhance the customer experience. **Grow existing base** – many customers acquired in recent years have developed into major revenue contributors. This is a reflection of the value our customers place in the product's intuitive and streamlined user experience. **Professional Services focus** - we have sharpened our focus on the Professional Services market where LoopUp's competitive value proposition is strongest. We are increasingly focusing our commercial and product development resources on this sector. Details of the Group's strategic priorities are set out on pages 10 and 11. The principal risks and uncertainties to the Group (including how they are mitigated) are detailed on pages 18 and 19.
2. Seek to understand and meet shareholder needs and expectations.	Directors must develop a good understanding of the needs and expectations of all elements of the Group's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The Board aims to respond promptly and fully to all shareholder enquiries and comments. The Board regularly meets with the Group's major shareholders and takes on feedback from such meetings. All shareholders are invited to participate at the Group's AGMs and encouraged to continue any discussion of the Group's activities following the conclusion of the formal AGM agenda. All queries should be directed to the Company Secretary or the General Counsel.

Principle	Application	Compliance
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Group's stakeholders and understand their needs, interests and expectations. Where matters that relate to the Group's impact on society, the communities within which it operates or the environment have the potential to affect the Group's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Group's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	LoopUp's pod structure is important to the way in which we conduct our new business acquisition activities. As such, we want to build an environment, that drives a collaborative 'best foot forward' culture. The Group endeavours to keep in regular contact with our customers and users. There is an ability to rate every LoopUp call so that we are able to continually review and improve our services to ensure that we are providing a premium service. Additionally, we have dedicated Customer Success and account managers who are on hand to provide clarity and assistance wherever required by our customers. The Board is well advised by its Nomad and maintains regular contact with other key stakeholders, which enables the Group to evaluate and ultimately mitigate risks or act on opportunities when they arise.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Board needs to ensure that the Group's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; the Group needs to consider its extended business, including the Group's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the Group is able to bear and willing to take (risk tolerance and risk appetite).	The Board considers risk and uncertainties at each Board meeting. The Board aims to meet at least quarterly, with at least two meetings held in person (once during the budget setting process and once mid-year). The remaining meetings are held remotely on LoopUp's platform. The Board together with the Executive Leadership Team and senior management are responsible for reviewing and evaluating risks. Additionally, the Information Security Management Team (ISMT) meets every quarter and assesses risks relating to information security. A sub-committee of the ISMT further meets every month to review and update the information security risk register. The principal risks and uncertainties to the Group (including how they are mitigated) are detailed on pages 18 and 19 of this Report.

Maintaining a dynamic management framework

Principle	Application	Compliance
5. Maintain the Board as a well-functioning, balanced team led by the chair.	The Board members have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board. The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The Board should have an appropriate balance between the executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. Independence is a Board judgment. The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.	The Board is responsible for the long-term success of the Group. It sets strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring that only acceptable risks are taken. It provides leadership and direction and is responsible for corporate governance and the overall financial performance of the Group. The Board comprises of three executive and four Non-Executive Directors (including the Chairman). Three of the Non-Executive Directors are considered by the Board to be independent and are free to exercise independence of judgement. Membership of the Audit Committee and Remuneration Committee each comprises three Non-Executive Directors, of which two are deemed independent. Membership of the Nomination Committee comprises two Non-Executive Directors who are deemed independent and one executive director. The Board and each of its committees receive regular and timely reports on the Group's operational and financial performance. Board packs are circulated in advance of each Board meeting and minutes reviewed and approved following each meeting. The Board has direct access to the advice and services of the Company Secretary and General Counsel and are able to take independent advice as well, if required. The Board considers that each Director has suitable knowledge and experience to guide the Group in its strategic aims. Details of each of these committees and the Board composition together with recent attendance records are set out on page 22 to 40.

Principle	Application	Compliance
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition. The Board should not be dominated by one person or group of people. Strong personal bonds can be important but also divide a board. As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.	The primary purpose for the Nomination Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board. The Board has considered diversity in broader terms than gender and believes it is also important to reach the correct balance of skills, experience, independence and knowledge of the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, and training is provided to assist with this. The Board operates in a highly collaborative manner, and having two Co-CEOs helps provide balanced executive input. Further details about each of the directors can be found on the investor page of the LoopUp website, and on pages 22 and 23 of this report.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual Directors. The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual Directors or the wider senior management team. It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.	The performance of the Board is evaluated on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various committees; whether corporate governance issues are handled satisfactorily; and whether there is a clear strategy and objectives. The Co-CEOs' and CFO's performance is appraised by the Chairman. The Chairman is appraised by the other Non-Executive Directors, and the other Non-Executive Directors are appraised by the Chairman.

Principle	Application	Compliance
8. Promote a corporate culture that is based on ethical values and behaviours.	The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the Board should be visible in the actions and decisions of the chief executives and the rest of the management team. Corporate values should guide the objectives and strategy of the Group. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Group. The corporate culture should be recognizable throughout the disclosures in the annual report, website and any other statements issued by the Group.	LoopUp's 'pods' structure is important to the way in which we conduct our new business acquisition activities. They work to shared processes and metrics and are incentivised solely as a team on the basis of new recurring revenue brought into the business. Unlike traditional commercial structures, the Pod make-up promotes efficiency between business development, sales and account management activities. Further details about our people and culture and our corporate social responsibility strategy are set out on pages 12 to 15.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	The Group should maintain governance structures and processes in line with its corporate culture and appropriate to its: (i) size and complexity; and (ii) capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Group.	Details of the governance structures of the Group are set out on pages 22 to 40.

Building trust

Principle	Application	Compliance
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Group. In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist: (i) the communication of shareholders' views to the Board; and (ii) the shareholders' undertaking of the unique circumstances and constraints faced by the Group. It should be clear where these communications practices are described (annual report or website).	The Board aims to respond promptly and fully to all shareholder enquiries and comments. The Board regularly meets with the Group's major shareholders and takes on any feedback from such meetings. All shareholders are invited to participate at the Group's AGMs and encouraged to continue any discussion of the Group's activities following the conclusion of the formal AGM agenda. Reports from the Audit Committee, Nominations Committee and Remuneration Committee are set out on pages 34 to 38.

Board composition

The Board comprises three Executive and four Non-Executive Directors (including the Chairman). The Group appointed Lady Barbara Judge as Chairman and Senior Independent Non-Executive Director at the time of the IPO.

Mike Reynolds and Nico Goulet remained in place from the previous Ring2 Communications Board, with the former being considered independent. Barmak Meftah resigned from the Board on 29 March 2019, and Keith Taylor was appointed as an Independent Non-Executive Director on 15 April 2019.

Simon Healey, who has served as CFO to the Group since 2011, was formally appointed to the Board at IPO in August 2016.

Board meetings and attendance

The Board aims to meet at least quarterly, with two meetings held in person (once during the budget-setting process and once mid-year). The remaining meetings are held remotely using LoopUp's platform. One full in-person Board meeting was held during 2019 (the second was delayed until early 2020), and five further meetings were held remotely. The table below shows the attendance at Board meetings during the year.

	Board meetings Possible	Board meetings Attended
Non-Executive Directors		
Lady Barbara Judge	6	6
Mike Reynolds	6	5
Nico Goulet	6	6
Keith Taylor	5	4
Barmak Meftah	1	1
Executive Directors		
Steve Flavell	6	6
Michael Hughes	6	6
Simon Healey	6	6

	Committee meetings					
	Audit		Remuneration		Nomination	
	Possible	Attended	Possible	Attended	Possible	Attended
Mike Reynolds	3	3	3	3	1	1
Nico Goulet	3	3	3	3	–	–
Keith Taylor	2	2	3	3	–	–
Barmak Meftah	1	–	–	–	1	–
Steve Flavell	3	3	3	3	1	1
Simon Healey	3	3	–	–	–	–

Board responsibilities

The Board is responsible for the long-term success of the Group. It sets strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring that only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet obligations to shareholders and others. It also approves any acquisitions and disposals, major capital expenditure, annual budgets and dividend policy.

Board papers are circulated before Board meetings in sufficient time to enable their review and consideration in advance of meetings.

Board effectiveness

The performance of the Board is evaluated on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues are handled satisfactorily; and whether there is a clear strategy and objectives.

The Co-CEOs' and CFO's performance is appraised by the Chairman. The Chairman is appraised by the other Non-Executive Directors, and the other Non-Executive Directors are appraised by the Chairman.

Directors' independence

Three of the Non-Executive Directors are considered by the Board to be independent and are free to exercise independence of judgement. They have never been employed by the Group nor do they participate in the Group bonus scheme. They receive no remuneration apart from their fees and, in some cases, limited options which were issued prior to IPO, all of which are fully vested.

Board appointments

On appointment, a new Director is briefed on the activities of the Group. Ongoing training is provided as needed. Directors are updated on a regular basis regarding the Group's business.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each AGM, one-third (or the nearest whole number) of the Directors retire by rotation.

Access to independent advice and support

In the furtherance of his or her duties or in relation to acts carried out by the Board or the Group, each Director is aware that he or she is entitled to seek independent professional advice at the expense of the Group. The Group maintains appropriate Directors' and Officers' insurance in the event of legal action being taken against any Director. Each Director has access to the advice and services of the Company Secretary, if required, who is responsible for ensuring that Board procedures are properly followed and that applicable rules and regulations are complied with.

Internal controls and risk management

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are considered to be appropriate given the size and nature of the business. The Group's internal financial control and monitoring procedures include:

- Clear responsibility for the maintenance of good financial controls and the production of accurate and timely financial information.
- The control of key financial risks through appropriate authorisation levels and senior management oversight.
- Detailed monthly reporting of trading results and financial position, including variances against budget.
- Reporting of any non-compliance with internal financial controls.
- Review of reports issued by external auditors.

The Audit Committee, on behalf of the Board, reviews reports from the external auditor together with management's response. In this matter, it has reviewed the effectiveness of the system of internal controls for the period.

Shareholder communications

Executive Directors regularly meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. Feedback from these meetings is presented to the Board. The Chairman and other Non-Executives are available to shareholders to discuss strategy and governance.

All Directors encourage the participation of all shareholders, including private investors, at the AGM and as a matter of policy the level of proxy votes lodged on each resolution is declared at the meeting and published by announcement to the London Stock Exchange and on the Group's website.

The Group's Annual Report and Accounts is published on the Group's website and can be accessed by shareholders.

Committee composition
The Audit Committee ('the Committee') was established in August 2016, although a similar committee did operate under Ring2 Communications Limited prior to the establishment of the Group as it currently stands. Mike Reynolds is Chair of the Audit Committee and the other members are Keith Taylor (replacing Barmak Meftah) and Nico Goulet. The Board considers the members to have relevant and recent financial experience, given their biographies as set out on pages 22 and 23.

Committee responsibilities
The Committee is appointed by and responsible to the Board. It has written terms of reference. Its main responsibilities are:
- Monitoring its satisfaction with the truth and fairness of the Group's financial statements before submission to the Board for approval, ensuring their compliance with appropriate accounting standards, the law and AIM rules.
- Monitoring and reviewing the effectiveness of the Group's systems of internal control.
- Making recommendations to the Board in relation to the appointment and remuneration of the external auditor, and reviewing the auditor's objectivity and independence on an ongoing basis.
- Implementing a policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain information from any officer or employee of the Group and obtain external advice as it deems necessary.

Committee meetings
The Committee aims to meet at least three times per year either in person or on LoopUp. These meetings are scheduled to coincide with the review of the interim statement, the scope and planning of the external audit and, finally, the results and observations upon completion of the external audit.

Three meetings were held during the year which the external auditor, one Co-CEO and the CFO attended. The Committee also has the opportunity to meet with the external auditor without any Executive Directors present if it wishes to do so.

The Committee carried out a full review of the year-end results and of the audit, using as a basis the reports to the Committee prepared by the CFO and the external auditor. Questions were asked of senior management around any significant or unusual transactions where the accounting treatment could be open to different interpretations.

The Committee received from the external auditor a report of matters arising during the audit which the auditor deemed to be of significance.

Significant matters considered by the Committee in relation to the financial statements and areas of judgement routinely considered and challenged were as follows:
- Revenue recognition
- Capitalisation of development costs
- Impairment of intangible fixed assets

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures in relation to key judgements and estimates have been included in the financial statements. In reaching this conclusion the Committee has considered reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered reports prepared by the external auditor.

Committee performance
The Committee regularly reviews its own performance and has concluded that it is performing as expected.

External auditor
Grant Thornton UK LLP has been the external auditor since 2014. The Group's audit partner and senior manager were both changed during 2019.

During 2019, the Group appointed KPMG LLP to manage its global tax compliance processes, to assist with the independence of the external auditor.

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or indepen dence, particularly around the provision of non-audit services. Management reviewed the effectiveness of the external audit process and were satisfied with the external auditor's knowledge of the business and that the scope of the audit was appropriate and the audit process effective.

Following these processes, the Committee recommended to the Board that Grant Thornton UK LLP be proposed for re-election at the AGM.

Internal audit function
Given the size and nature of the Group, the Board did not consider it necessary to have an internal audit function during the year, though this need will be reviewed regularly.

Committee composition
The Nomination Committee was established in August 2016. Mike Reynolds is Chair of the Nomination Committee and the other members are Keith Taylor (replacing Barmak Meftah) and Steve Flavell.

Committee responsibilities
The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board, having regard to:
- Its size and composition.
- The extent to which required skills, experience or attributes are represented.
- The need to maintain the highest appropriate standard of corporate governance.
- Ensuring that it consists of individuals who are best able to discharge the responsibilities of Directors.

It has written terms of reference.

Committee meetings
The Committee met once during 2019 to confirm the appointment of Keith Taylor.

The Board has considered diversity in broader terms than gender and believes it is also important to reach the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, and training is provided to assist this.

The Remuneration Committee
The Remuneration Committee was established in August 2016.

The Committee's primary purpose is to assist the Board in determining the Company's remuneration policies and, in so doing, agree the framework for Executive Directors' remuneration with the Board. It has written terms of reference.

The Committee met three times during the year, with other Board members in attendance as appropriate.

Remuneration Committee report
As an AIM-listed company, LoopUp Group plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated otherwise.

Membership of the Remuneration Committee
The Remuneration Committee comprises three Non-Executive Directors, namely Mike Reynolds as Chair, Nico Goulet and Keith Taylor, replacing Barmak Meftah. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

Directors' remuneration policy
The objectives of the remuneration policy are to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-Executive Directors
Remuneration of Non-Executive Directors is negotiated by the Executive Directors and agreed by the Board. Non-Executive Directors are not permitted to participate in pensions, annual bonuses or employee benefits. They are entitled to participate in share option agreements relating to the Company's shares. Each of the Non-Executive Directors has a letter of appointment stating his or her annual fee and that their appointment is initially for a period of three years, renewable for a further period of three years. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration
The normal remuneration arrangements for Executive Directors consist of basic salary, annual performance-related bonuses and participation in share option schemes. In addition, they receive private healthcare benefits, and UK Executives participate in a company pension scheme.

Annual bonuses
The 2019 annual bonus plan comprised a target bonus of 50% of salary for Steve Flavell and Michael Hughes and 25% of salary for Simon Healey. Executive Directors are rewarded based on the performance of the Group versus predefined targets as well as the achievement of personal objectives.

The Group's performance in terms of revenue, gross profit and adjusted EBITDA fell short of the performance targets set during the 2019 budgeting process. As a result of this performance, the Remuneration Committee agreed with the Board that no annual bonuses should be paid for the 2019 financial year.

Similar bonus principles will be adopted for future years. Performance targets around revenue, gross margin and EBITDA have been set by the Board. Meeting these targets and achieving personal objectives will result in payout percentages in line with those outlined above. Payouts can exceed these amounts should performance exceed these targets, and are capped.

Total Directors' Remuneration (audited)
The table below sets out the total remuneration payable to the Directors:

Audited	Salary and fees £000	Annual bonus £000	Healthcare and pension £000	2019 total £000	2018 total £000
Executive					
Steve Flavell	230	–	9	239	342
Michael Hughes	274	–	7	281	375
Simon Healey	140	–	5	145	184
Non-Executive					
Lady Barbara Judge	50	–	–	50	50
Mike Reynolds	23	–	–	23	22
Nico Goulet	–	–	–	–	–
Keith Taylor	18	–	–	18	–
Barmak Meftah	6	–	–	6	22

Shares held by Directors
The beneficial interests of the Directors in the share capital of the Company at 31 December 2019 and 2018 were as follows:

	31 December 2019		31 December 2018	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive:				
Steve Flavell	2,625,875	4.8%	2,527,294	4.6%
Michael Hughes	2,616,899	4.7%	2,457,294	4.5%
Simon Healey	64,500	0.1%	20,000	0.0%
Non-Executive:				
Lady Barbara Judge	52,254	0.1%	42,754	0.1%
Mike Reynolds	–	–	–	–
Nico Goulet (as Managing Partner of shareholder, Adara Ventures SICAR)	6,964,548	12.6%	6,964,548	12.6%
Keith Taylor	58,500	0.1%	–	–

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Group granted to or held by the Directors. Details of option holdings for Directors who served during the year are as follows:

	Number of options at 31 December 2019	Exercise price
Executive:		
Steve Flavell	120,000	£4.40
	60,000	£3.175
Michael Hughes	880,000	£0.75
	120,000	£4.40
	60,000	£3.175
Simon Healey	70,000	£0.50
	82,000	£0.75
Non-Executive:		
Lady Barbara Judge	–	–
Mike Reynolds	75,000	£0.128
	75,000	£0.75
Nico Goulet	–	–
Keith Taylor	–	–
Barmak Meftah	–	–

During the year, the following options were issued to Executive Directors at an exercise price of £3.175:

- 60,000 to Steve Flavell and Michael Hughes
- 35,000 to Simon Healey.

In December 2019, as part of a wider group exercise, Simon Healey had 60,000 options with an exercise price of £4.40 and 35,000 options with an exercise price of £3.175 cancelled and replaced with 82,000 options with an exercise price of £0.75 under a new four-year vesting period with one-year cliff. Steve Flavell and Michael Hughes waived their rights to participate in this process, and their options at exercise prices of $4.40 and $3.175 have since been cancelled without replacement.

By order of the Board

Mike Reynolds
Chairman of the Remuneration Committee
21 May 2020

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

Principal activity

The principal activity of the Group is the provision of a 'software-as-a-service' (SaaS) platform for remote business meetings.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic Report section of the Annual Report and Accounts on pages 2 to 21. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Details of the Group's financial results are set out in the consolidated statement of comprehensive income, other statements and related notes on pages 48 to 83.

Corporate status

LoopUp Group plc (the 'Company' or 'Group') is a public limited company domiciled in the United Kingdom and was incorporated in England and Wales with company number 09980752 on 1 February 2016. The company has its registered office at The Tea Building, 56 Shoreditch High Street, London E1 6JJ. The principal places of business of the Group are its offices in London and San Francisco, and it also operates a number of other offices in the United States, as well as Germany, Spain, Sweden, Australia, Hong Kong and Barbados.

Directors

The current members of the Group's Board and Committees are set out on pages 22 and 23. In addition, Barmak Meftah resigned as a Director on 29 March 2019. Keith Taylor was appointed to the Board on 15 April 2019. One-third of the Directors are required to retire at the AGM and can offer themselves for re-election.

The Company has agreed to indemnify the Directors against third party claims which may be brought against them and has put in place a Directors' and officers' insurance policy.

Shares, dividends and significant shareholders

The middle market price of the Company's shares on 31 December 2019 was 71.5 pence and the range during the year was 47.5 pence to 377.0 pence with an average of 206.7 pence.

The Directors do not recommend the payment of a dividend (2018: £nil).

The Company is informed that, at 24 April 2020, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Adara Ventures SICAR	6,964,548	12.6%
Andrew Scott[1]	6,665,002	12.1%
Jupiter Asset Management	5,200,905	9.4%
Baillie Gifford & Co	3,835,401	6.9%
Herald Investment Management	3,050,000	5.5%
Amati Global Investors	3,035,522	5.5%
Steve Flavell	2,625,875	4.8%
Michael Hughes	2,616,899	4.7%
Schroder Investment Management	2,289,913	4.1%
Soros Fund Management	2,179,530	3.9%

1. This includes shares registered in the name of his wife, Rhonda Scott and SFT Capital Limited

Going concern
After making enquiries, the Directors have confidence that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Annual Report and Accounts. This is described in more detail in note 1.03.

Research and development
Details of the Group's policy for the recognition of expenditure on research and development of its core platforms are set out in note 3 of the consolidated financial statements.

Risk management objectives and policies
Details of the Group's financial risk management and policies are set out in note 19 of the consolidated financial statements. The key non-financial risks faced by the Group are set out in the Strategic Report on pages 18 and 19.

Related party transactions
Details of the Group's transactions and balances with related parties are set out in note 21 of the consolidated financial statements.

Employee involvement
It is the Group's policy to involve employees in its progress, development and performance. This has been communicated through both formal and informal meetings at all levels throughout the Group. During such meetings, employees are encouraged to provide a free flow of information and ideas.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues.

Political and charitable donations
The Group does not make political donations. Charitable donations of £5,000 were made during the year (2018: £10,000).

Supplier payment policy and practice
The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with each supplier at the start of business and makes payments in accordance with these terms.
The number of creditor days outstanding at 31 December 2019 was 60 days (2018: 45 days).

Statement as to disclosure of information to the auditor
The Directors who were in office on the date of the approval of these financial statements have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor
Grant Thornton UK LLP have indicated their willingness to continue in office.

By order of the Board

Lady Barbara Judge
Chairman
21 May 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOOPUP GROUP PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of LoopUp Group Plc (the 'parent company') and its subsidiaries (the 'group') for year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Overview of our audit approach

- Overall materiality: £639,000, which represents 1.5% of the group's total revenue;
- Key audit matters were identified as revenue recognition, capitalisation of development costs, carrying value of goodwill and other intangible assets; and
- We performed full scope audit procedures on the financial information of 4 significant components out of the 17 components within the group. We undertook specified or analytical procedures on the financial information of the remaining components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We did not identify any Key Audit Matters relating to the audit of the financial statements of the parent company

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Revenue recognition The group has reported revenues of £42.5m (2018: £34.2m) The group has a high volume of revenue transactions that it recognises in accordance with IFRS 15 'Revenue from Contracts with Customers'. Revenue is the most significant financial item in the consolidated statement of comprehensive income and revenue growth is specifically a key performance indicator for the Group's stakeholders. There is a risk of incorrect revenue recognition due to fraud or error, arising from: - recognition of revenue in the wrong period; and - revenue not being recognised in accordance with IFRS 15. We therefore identified revenue occurrence as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** - An assessment of the methodology and the internal control environment relating to revenue recognition. This involved assessing the design effectiveness of relevant controls and testing the operating effectiveness of these controls; - Testing whether revenue was recognised in accordance with the group's revenue accounting policies and IFRS 15; - Documenting the group's information technology control environment and testing the operating effectiveness of the relevant controls; - Testing samples of material revenue streams to cash receipts and underlying contracts or call data records to prove the occurrence of the transaction; and - Analytical procedures based on comparison with prior year revenue and focussing on trends such as seasonality, gross profit percentage and rates per minute across the group The group's accounting policy on revenue recognition is shown in note 2.09 to the financial statements and related disclosures are included in note 6. **Key observations** Our testing did not identify any material misstatements in relation to the occurrence of revenue.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Capitalisation of development costs The group capitalises development costs within Intangible Assets. The amount capitalised in the year amounted to £5m (2018: £4.3m). The capitalisation of development costs under International Accounting Standard ('IAS') 38 'Intangible Assets' involves significant judgement and therefore there is a risk that a material error could occur if items have been incorrectly capitalised. We therefore identified capitalisation of development costs as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: - Analysing capitalised development costs, challenging management's judgement to ensure they met the requirements of IAS 38, in particular that the development met the technical and commercial feasibility criteria; - An assessment of the projects under development, based on analysis of management papers, discussions with management regarding the process and controls in place to ensure costs are correctly capitalised and a comparison of changes in the software under development in the current year to the prior year; and - Testing on a sample basis relevant capitalised payroll costs to payroll records. The group's accounting policy on development costs is shown in note 2.03 to the financial statements and related disclosures are included in note 14. 4. **Key observations** Our testing did not identify any material misstatements in the capitalisation of development costs during the year.
Carrying value of goodwill and other intangible assets The Group has a material amount of goodwill and other intangible assets held on the balance sheet as at 31 December 2019. Goodwill is required to be tested for annual impairment and the existence of impairment indicators must be considered for other intangible assets. Management has undertaken its annual impairment review based on discounted cash flows. There are significant judgements in the discounted cash flow calculations including forecast operating cashflows and discount rates. We therefore identified the carrying value of goodwill and other intangible assets as a significant risk, and one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: - Testing the design and implementation of controls relevant to the impairment testing of goodwill; - Obtaining management's impairment model and challenging their assessment of its appropriateness and methodology in line with the requirements of IAS 36 'Impairment of assets'. This includes the consideration that the group now has one single cost generating unit (CGU); - Evaluation of the historical accuracy of forecasts used in the prior year discounted cash flow model compared to the results achieved in the current year; - Challenging the assumptions included within the discounted cash flow model, which included gaining an understanding of key factors and judgements applied in determining future growth rates; - Challenging of the discount rates used in the model and using the work of our auditor's expert to assess their reasonableness; - Performance of sensitivity analysis on the forecast cash flows and their impact on the carrying value of the intangible assets; and - Evaluating the disclosures related to management's impairment review. The group's accounting policy for goodwill and other intangibles is shown in note 2.03 and 2.04 to the financial statements and related disclosures are included in note 14. **Key observations** Our testing did not identify any material misstatements in the reporting and disclosure of goodwill and other intangible assets.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£639,000 which is 1.5% of group revenue. This benchmark is considered the most appropriate because this is used by users of the group's financial statements to assess the performance of the group and is a key performance indicator for management. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 due to an increase in group revenue.	£525,000 which is 0.8% of parent company total assets, capped by component materiality. This benchmark is considered the most appropriate because the company is a holding company that does not actively trade. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 due to the increase in total assets.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£31,950 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£26,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- Performing full scope audit procedures on the financial information of the four significant group components and for the remaining thirteen components, specified procedures on seven components (in relation to revenue recognition) and analytical procedures on six components as appropriate to respond to the risk of material misstatement;
- The four components for which we performed full audit procedures accounted for 84% of the group's revenue;
- Assessing the design and operating effectiveness of the IT general controls within the LoopUp IT environment;
- In 2018 the LoopUp Group acquired the Meetingzone business as described in note 14.04 to the financial statements. We updated our understanding of the Meetingzone Group IT general controls; and
- Undertaking substantive testing on significant transactions and material account balances.

Other information
The directors are responsible for the other information. The other information comprises the information included in the 'Annual Report & Accounts 2019', other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006
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 strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 41, 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Revenue	6	42,541	34,213
Cost of sales		(14,304)	(10,314)
Gross profit		28,237	23,899
Adjusted operating expenses(i)	7	(21,825)	(16,246)
Adjusted EBITDA(ii)		6,412	7,653
Depreciation	7	(1,475)	(546)
Amortisation of development costs	7	(3,777)	(2,558)
Adjusted operating profit(iii)		1,160	4,549
Non-recurring transaction costs	7	–	(994)
Exceptional reorganisation costs	7	(509)	(1,223)
Amortisation of acquired intangibles	7	(2,210)	(1,289)
Share-based payment charges	20.06	(588)	(191)
Operating profit/(loss)		(2,147)	852
Finance costs	10	(647)	(467)
Profit/(loss) before income tax		(2,794)	385
Income tax	11	789	857
Profit/(loss) for the year		(2,005)	1,242
Currency translation gain/(loss)		(397)	48
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent		(2,402)	1,290
Earnings/(loss) per share (pence):	12		
Basic		(3.6)	2.5
Diluted		(3.3)	2.4

(i) Total administrative expenses excluding depreciation, amortisation of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payment charges.
(ii) Adjusted EBITDA is operating profit stated before depreciation, amortisation of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payment charges.
(iii) Before amortisation of other intangible assets, non-recurring transaction costs, exceptional reorganisation costs and share-based payment charges.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Assets			
Property, plant and equipment	13	2,737	2,168
Right of use assets	13	3,228	–
Development costs	14	9,104	7,880
Other intangible assets	14	29,656	31,866
Goodwill	14	30,950	30,950
Total non-current assets		75,675	72,864
Trade and other receivables	15	9,321	9,326
Cash and cash equivalents	16	3,000	5,581
Current tax	15	1,631	1,153
Total current assets		13,952	16,060
Total assets		89,627	88,924
Liabilities			
Trade and other payables	17	(5,415)	(4,487)
Accruals and deferred income	17	(2,686)	(2,709)
Lease liabilities	13	(862)	–
Borrowings	18	(1,700)	(1,700)
Total current liabilities		(10,663)	(8,896)
Net current assets		3,289	7,164
Non-current liabilities			
Borrowings	18	(12,750)	(14,450)
Lease liabilities	13	(2,366)	–
Deferred tax liability	27	(5,709)	(5,709)
Total non-current liabilities		(20,825)	(20,159)
Total liabilities		(31,488)	(29,055)
Net assets		58,139	59,869
Equity			
Share capital	20	276	276
Share premium	20	60,588	60,504
Other reserve		12,691	12,691
Foreign currency translation reserve		(2,332)	(1,935)
Retained loss		(13,084)	(11,667)
Shareholders' funds attributable to equity owners of parent		58,139	59,869

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2020. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 55 to 83 form part of these financial statements.

Company number 09980752

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Assets			
Investments	22	139	139
Total non-current assets		139	139
Trade and other receivables	15	60,725	60,641
Total current assets		60,725	60,641
Total assets		60,864	60,780
Net assets		60,864	60,780
Equity			
Share capital	20	276	276
Share premium	20	60,588	60,504
Retained profit		–	–
Shareholders' funds attributable to equity owners of parent		60,864	60,780

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2020. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 55 to 83 form part of these financial statements.

The Company recorded no profit or loss in the period since incorporation on 1 February 2016.

Company number 09980752

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital £000	Share premium £000	Other reserve £000	Foreign currency translation reserve £000	Retained loss £000	Shareholders' funds/deficit attributable to equity owners of parent £000
As at 1 January 2018		210	12,637	12,691	(1,983)	(13,100)	10,455
Profit for the year		–	–	–	–	1,242	1,242
Other comprehensive income		–	–	–	48	–	48
Total comprehensive profit for the year		–	–	–	48	1,242	1,290
Transactions with owners of parent in their capacity as owners:							
Equity share-based payment compensation		–	–	–	–	191	191
Share issues	20	66	47,867	–	–	–	47,933
As at 31 December 2018		276	60,504	12,691	(1,935)	(11,667)	59,869
As at 1 January 2019		276	60,504	12,691	(1,935)	(11,667)	59,869
Loss for the year		–	–	–	–	(2,005)	(2,005)
Other comprehensive loss		–	–	–	(397)	–	(397)
Total comprehensive loss for the year		–	–	–	(397)	(2,005)	(2,402)
Transactions with owners of parent in their capacity as owners:							
Equity share-based payment compensation						588	588
Share issues	20	–	84	–	–	–	84
As at 31 December 2019		276	60,588	12,691	(2,332)	(13,084)	58,139

The notes on pages 55 to 83 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital £000	Share premium £000	Retained profit £000	Shareholders' funds attributable to equity owners of parent £000
As at 1 January 2018		210	12,637	–	12,847
Result for the year		–	–	–	–
Total comprehensive result for the year		–	–	–	–
Transactions with owners of parent in their capacity as owners:					
Share issues net of transaction costs	20	66	47,867	–	47,933
As at 31 December 2018		276	60,504	–	60,780
As at 1 January 2019		276	60,504	–	60,780
Result for the year		–	–	–	–
Total comprehensive result for the year		–	–	–	–
Transactions with owners of parent in their capacity as owners:					
Share issues net of transaction costs	20	–	84	–	84
As at 31 December 2019		276	60,588	–	60,864

The notes on pages 55 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Operating activities			
Profit/(loss) before income tax		(2,794)	385
Non-cash adjustments			
Depreciation and amortisation	7	6,671	4,393
Share based payments charge		588	191
Interest payable		647	467
Working capital adjustments			
(Increase)/decrease in trade and other receivables		80	(651)
Increase/(decrease) in trade and other payables		737	(359)
Tax received		401	836
Net cash from operating activities		6,330	5,262
Cash flows from investing activities			
Purchase of property, plant and equipment	13.01	(1,257)	(354)
Addition of intangible assets	14.01	(5,001)	(4,296)
Payment for acquisition of subsidiary, net of cash acquired		–	(61,579)
Net cash used in investing activities		(6,258)	(66,229)
Cash flows from financing activities			
Proceeds of borrowings		–	17,000
Proceeds from share issue net of issue costs		84	47,933
Repayment of loans	26	(1,700)	(850)
Interest and finance fees paid		(647)	(467)
Net cash from financing activities		(2,263)	63,616
Net change in cash and cash equivalents		(2,191)	2,649
Cash and cash equivalents, beginning of year		5,581	2,902
Exchange differences on cash and cash equivalents		(390)	30
Cash and cash equivalents, end of year	16	3,000	5,581

The notes on pages 55 to 83 from part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Operating activities		
Profit before income tax	–	–
Working capital adjustments		
Increase in debtors	(84)	(48,867)
Net cash used by operations	(84)	(48,867)
Net cash from financing activities		
Proceeds from share issue net of issue costs	84	48,867
Net cash generated by financing activities	84	48,867
Net change in cash and cash equivalents	–	–
Cash and cash equivalents, beginning of year	–	–
Cash and cash equivalents, end of year	–	–

The notes on pages 55 to 83 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Business description and basis of preparation

1.01 Business description
The principal activity of the Group is the provision of a software-as-a-service (SaaS) solution for remote business meetings.

LoopUp Group plc ('the Group') is a limited liability company incorporated and domiciled in England and Wales, with company number 09980752. Its registered office is The Tea Building, 56 Shoreditch High Street, London, E1 6JJ.

1.02 Basis of preparation
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the EU together with the International Financial Reporting Standards Interpretations Committee interpretations issued by the International Accounting Standards Boards (IASB) that are currently effective or early adopted (collectively IFRS) and in accordance with those parts of the Companies Act 2006 that are relevant to those companies that report in accordance with IFRSs.

The preparation of financial information requires the Directors to exercise judgements in the process of applying accounting policies.

Financial information is presented in Pounds Sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£000), with rounding accordingly.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own statement of comprehensive income. The result for the year dealt with in the financial statements of the Company was £nil (2018: £nil).

The accounting policies used have been consistently applied throughout all periods presented in the financial statements, with the exception of IFRS 16 as described in note 2.12.

1.03 Going concern
As part of their going concern review, the Directors have followed the guidelines published by the Financial Reporting Council entitled 'Guidance on the Going Concern basis of Accounting and Reporting on Solvency and Liquidity Risks', published in April 2016.

At the balance sheet date, the Group had cash of £3.0m and net assets of £58.1m.

At the balance sheet date, the Group had total outstanding borrowing facilities of £14.45m. These facilities were issued with debt covenants which are measured on a quarterly basis. Management have reviewed forecasted cash flows and revenues for at least the next 12 months following the date of these financial statements and there is no indication that there will be any breach of these covenants in this period.

The Directors prepared a detailed budget covering the Group's expected performance over a period covering at least the next 12 months from the date of these financial statements. This modelled the expected activity of the existing customer base, the current sales pipeline and also cover a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group has sufficient cash resources to continue to trade successfully during this period.

In the period since the budget was prepared, the Group has seen a material increase in demand because of the COVID-19 pandemic. This is expected to result in a material improvement in revenue, profitability and cash generation during the period of large scale home working. However, it is too early to predict the longer term impact on the Group.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to meet its commitments and discharge its liabilities in the normal course of business for a period not less than 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these Group financial statements.

1.04 Chief operating decision-maker
The Board of Directors acting together are considered the chief operating decision-maker.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below:

2.01 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('the Subsidiaries') made up to the accounting reference date each year. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Control is achieved when the Group has power over an entity in which it has invested ('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 Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings.

2.02 Currencies

(a) Functional and presentational currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Parent Company operates ('the functional currency') which is UK Sterling (£). The consolidated financial statements are presented in UK Sterling, as described in note 1.02 ('the presentational currency').

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Group companies that have a functional currency other than the presentational currency of the Group

The results and financial position of all Group companies that have a functional currency different from the presentational currency of the Group are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were previously recognised in other comprehensive income are reclassified to the income statement as part of the gain or loss on sale.

2. Summary of significant accounting policies continued

2.03 Development costs

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

Development costs are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:
(a) technical feasibility of the completed intangible asset has been established;
(b) it can be demonstrated that the asset will generate probable future economic benefits;
(c) adequate technical, financial and other resources are available to complete the development;
(d) the expenditure attributable to the intangible asset can be reliably measured; and
(e) management has the ability and intention to use or sell the asset.

These projects are designed to bring new capabilities into the LoopUp product. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.04 Goodwill

Goodwill arising on business combinations represents the difference between the consideration for a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. The consideration for a business acquisition represents the fair value of the assets given and equity instruments issued in return for the assets acquired. Goodwill is not amortised but is subject to an impairment review performed at least annually.

2.05 Acquired intangible assets

Acquired intangible assets include customer relationships and brands. Intangible assets acquired in material business combinations are capitalised at their fair value as determined by reference to the methodologies, judgements and policies disclosed on page 73. Intangible assets are amortised on a straight line basis over their useful economic life of 15 years. Amortisation charges are charged to the income statement as other administrative expenses. Within note 7, the Group separates out the amortisation of each asset category.

2.06 Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

2.07 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Office equipment – 20-33% straight line
- Computer equipment – 20-33% straight line
- Certain assets in acquired subsidiaries are depreciated on a reducing balance basis, resulting in an immaterial difference in depreciation charges.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies continued

2.08 Impairment of non-current assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or charges in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating units) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.09 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and is shown net of Value Added Tax.

The Group has implemented IFRS 15 'Revenue from Contracts with Customers' in this financial year. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying 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.

LoopUp Group meetings services revenue arises from the delivery of conferencing services using LoopUp's proprietary products, as well as revenue earned on MeetingZone's audio conferencing platform. The significant majority of revenue arises upon usage by customers of services delivered on a pay as you go model, based on seconds of conference time, the number of participants on the conference, and usage of other value added services. Revenue is recognised in relation to conferencing services as the service is performed, is invoiced to the customer monthly in arrears, and is recognised at a point in time.

Third party and other services revenue arises from a combination of re-sold seat licenses for third party products, sold on a 'per host per month' basis, typically on 12 month or more committed terms; minutes and overage charges for usage of these products; and sales of equipment and related support charges. Revenue from licences is recognised evenly over the period of time to which the charges relate. Revenue from usage is recognised at the time the service is performed. Revenue from equipment sales is recognised when delivery is made and the risk in the equipment has passed to the customer, with support costs recognised over the period of time to which the charges relate.

Any difference between the amount of revenue recognised and the amount invoiced to a customer is included in the statement of financial position as accrued or deferred income.

2. Summary of significant accounting policies continued

2.10 Cost of sales

Cost of sales consists of fees payable to third parties and other expenses that are directly related to sales.

2.11 Current and deferred tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates and laws for the period that have been enacted on substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets are recognised to the extent it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Leases

Until 31 December 2018, leases of property, plant and equipment where the Group, as a lessee, had substantially all the risks and rewards of ownership were classified as finance leases. The Group had no finance leases in place throughout 2018.

Leases where a significant proportion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (see note 23). Payments made under operating leases were charged to the income statement on a straight line basis over the period of the lease.

As noted in note 2.18 below, the Group has adopted IFRS 16 'Leases' retrospectively from 1 January 2019, but has not restated comparatives for the 2018 accounting period, as permitted by the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet of 1 January 2019.

On adoption of IFRS 16, the Group recognised right-of-use assets and related lease liabilities in relation to leases which had previously been classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019 of 3.5%. Leases identified as having a low value or a remaining lease term of less than 12 months were excluded from this treatment.

The Group has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense to the income statement on a straight line basis over the lease term.

2. Summary of significant accounting policies continued

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019 and 31 December 2019:

	£000
Total operating lease commitments disclosed at 31 December 2018	2,330
Less: leases with remaining terms less than 12 months	(100)
Less: exchange and other adjustments	(202)
Lease liability at 1 January 2019 before discounting	2,020
Add: new leases entered into in the current period	2,461
Operating leases before discounting	4,481
Discounted using incremental borrowing rate	(458)
Depreciation in the period	(795)
Total lease liability recognised under IFRS 16 at 31 December 2019	3,228

Of which £862,000 are current liabilities and £2,366,000 are non-current liabilities.

In the year ended 31 December 2019, £795,000 of depreciation and £74,000 of finance charges have been recognised in relation to these right of use assets, costs which would have been included in administrative costs under the previous accounting policy.

2.13 Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.14 Benefits and pension costs

LoopUp Limited and MeetingZone Limited operate contributory pension schemes under the UK's auto-enrolment rules. Company contributions (3% in FY2018 and FY2019) are recognised as an expense in the statement of comprehensive income as they fall due.

US staff qualify for a non-contributory 401k pension scheme. The Group has no further payment obligations once the contributions have been deducted and paid. The costs of administering this scheme are charged as an expense to the statement of comprehensive income in the period to which they relate.

2.15 Share-based compensation

The Group issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over any vesting period, along with a corresponding increase in equity if they are deemed to be material to the Group.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of any revision is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the specific terms of the option grant.

2.16 Alternative performance measures

The Board assesses the performance of the Group using alternative performance measures (namely Adjusted operating expenses, Adjusted EBITDA, Adjusted operating profit and Adjusted basic/diluted earnings per share) as in the Board's view, these reflect the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis and is used as a basis for incentive compensation arrangements for employees.

Adjusted operating expenses represents total administrative expenses excluding depreciation, amortisation and impairment of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

2. Summary of significant accounting policies continued

Adjusted EBITDA is defined as operating profit stated before depreciation, amortisation and impairment of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

Adjusted operating profit is defined as operating profit stated before amortisation of acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

Adjusted earnings per share numbers are calculated using profit attributable to shareholders, adjusted for non-recurring transaction costs, exceptional reorganisation costs, amortization of acquired intangibles and share-based payment charges.

Non-recurring transaction costs and exceptional reorganisation costs are considered to be one-off in nature and are of such significance to the performance of the Group due to their size, nature or incidence that the board considers it necessary to show them separately on the face of the statement of comprehensive income.

It is important to note that alternative performance measures are not defined under IFRS and therefore are defined as 'Non-GAAP' measures. The alternative performance measures used by the Group may not be directly comparable to similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measures of performance.

2.17 Dividends

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed before the relevant consolidated financial statements are approved.

2.18 Accounting developments

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2019 and is consistent with the policies applied in the previous financial year, except for the new standard now effective, IFRS 16.

IFRS16: Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' as detailed in note 2.12 above.

Other accounting developments

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early by the Group. Management anticipates that the following pronouncements relevant to the Group's operation will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019 and effective for periods ending on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018 and effective for periods ending on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for periods ending on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (issued on 22 October 2018 and effective for periods ending on or after 1 January 2020)

The Directors anticipate that the adoption of the new standards, interpretations and amendments that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Group in the year of the initial application. The Directors intend to adopt each of the standards when they become effective.

3. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

3.01 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

3.02 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.03 Financial liabilities

The Group's financial liabilities comprise borrowings, finance leases and trade and other payables.

Borrowings and trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

3.04 Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all liabilities.

3.05 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds received, net of direct issue costs. The components of equity are as follows:

(a) Share capital

The nominal values of equity shares. The rights attributable to the classes of equity in issue are disclosed in note 20.

(b) Share premium

The fair value of consideration received in excess of the nominal value of equity shares, net of expenses of the share issue.

(c) Retained earnings

The retained net profits or losses to date less distributions.

(d) Foreign currency translation reserve

The net foreign exchange gains or losses to date on consolidation of investments in overseas subsidiaries.

(e) Other Reserve

A reserve has been created to enable the reservation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-stationary reserves of the legal subsidiary.

3.06 Research and development (R&D) tax credits

R&D tax credits for applicable research and development expenditure is accounted for as a credit to income tax expense in the year in which it is earned.

4. Financial risk management

4.01 Financial risk factors

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key staff.

(a) Market risk is the risk of loss that may arise from changes in market factors, such as competitor pricing, interest rates, foreign exchange rates.
(b) Credit risk is the risk of financial loss to the Group if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.
(c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.02 Capital risk management

The Group is funded by equity and loans.

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

There are no externally imposed capital requirements.

4.03 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates include:

Judgements

5.01 Functional currency

The functional currency is deemed to be Sterling, as the Directors consider that the primary economic environment.

5.02 Recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the assets when they do reverse.

This requires assumptions regarding the future profitability of the Group for the 12 months from the date of signing of the financial statements, and as this is inherently uncertain, no deferred tax asset in relation to tax losses has been recognised in the financial statements. The Group has trading losses of £12.3m (2018: £13.8m) and non-trading losses of £0.5m (2018: £0.4m) carried forward.

5.03 Capitalised development costs

Capitalisation of development costs requires the Directors to make judgements in allocating staff time appropriately to relevant projects and in assessing the technical feasibility and economic potential of those projects.

These judgements have resulted in the intangible assets as set out in note 14.

5. Critical accounting estimates and judgements continued

Estimates

5.04 Valuation of acquired intangibles

Management identified and valued acquired intangible assets on acquisitions that were made during the periods disclosed in the financial statements. Management has applied judgements in identifying and valuing intangible assets separate from goodwill that consist of assessing the value of brands and customer relationships. The Board have a policy of engaging professional advisors on acquisitions with a purchase price greater than £5 million to advise and assist in calculating intangible asset values. The Group consistently applies the following methodologies for each class of identified intangible:

- Customer relationships – Net present value of future cash flows
- Intellectual Property – Cost to recreate the asset
- Brands – Royalty relief method

Assumptions are made on the useful life of an intangible and if shortened, would increase the amortisation charge recognised in the income statement. The identified intangibles are set out in note 14. There are a number of assumptions in estimating the present value of future cash flows including management's expectation of future revenue, renewal rates for subscription customers, costs, timing and quantum of future capital expenditure, long-term growth rates and discount rates.

5.05 Carrying value of goodwill and other intangibles

The carrying value of goodwill and other intangibles is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to estimate future cash flows to be generated by the related cash generating unit, which entails making judgements including the expected rate of growth of sales, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows.

As described in note 14.03 the Group now considers that it has one single cash generating unit of the Group as a whole.

5.06 Intangible asset life

Intangible assets are amortised over their estimated useful lives.

5.07 Share based payments

The Group operates a share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The significant judgements involved in calculating the share based payments charge are the fair value at the date of grant which is determined by using the Black-Scholes model, the staff retention rate which is determined with reference to historical churn and the estimated vesting periods which are determined with reference to the Group's forecasts. Additional disclosures on the calculation of share-based payments are provided in note 20.

6. Revenue and segmental reporting

The Directors have identified the segments by reference to the principal groups of services offered and the geographical organisation of the business as reported to the chief operating decision-maker (CODM). The main segment is LoopUp Group meetings services revenue, which represents revenue generated from providing customers access to the LoopUp conferencing platform as well as the acquired MeetingZone conferencing platform. Third party and other services consist of revenues from the resale and usage of externally designed web conferencing platforms, along with related hardware and consultancy sales.

Segmental revenues are external and there are no material transactions between segments.

The Group's largest customer represented less than 5% of total revenue in both years.

No segmental balance sheet was presented to the CODM.

The Group's revenue disaggregated by primary geographical markets is as follows:

	LoopUp Group meetings services £000	Third party and other services £000	Total £000
For the year ended 31 December 2019:			
UK	16,233	6,311	22,544
Other EU	4,046	1,728	5,774
North America	10,800	2,853	13,653
Rest of World	570	—	570
Total	31,649	10,892	42,541
For the year ended 31 December 2018:			
UK	13,455	4,113	17,568
Other EU	3,555	970	4,525
North America	10,562	1,214	11,776
Rest of World	344	—	344
Total	27,916	6,297	34,213

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	LoopUp Group meetings services £000	Third party and other services £000	Total £000
For the year ended 31 December 2019:			
Services transferred at a point in time	31,649	1,225	32,874
Services transferred over time	—	9,667	9,667
Total	31,649	10,892	42,541
For the year ended 31 December 2018:			
Services transferred at a point in time	27,916	920	28,836
Services transferred over time	—	5,377	5,377
Total	27,916	6,297	34,213

6. Revenue and segmental reporting continued

The Group's gross profit disaggregated by segment is as follows:

	2019 £000	2018 £000
LoopUp Group meetings services	25,016	21,845
Third party and other services	3,221	2,054
Total	28,237	23,899

The Group's non-current assets disaggregated by primary geographical markets are as follows:

	2019 £000	2018 £000
Geographical analysis of non-current assets:		
UK	74,648	72,566
Other EU	62	10
North America	1,410	259
Rest of World	11	29
	76,131	72,864

7. Administrative expenses

The profit/loss from operations is stated after charging amounts as follows:

	2019 £000	2018 £000
Staff costs (note 9)	14,427	10,868
Auditor's remuneration (note 8)	131	176
Operating lease costs – land and buildings	–	887
Other administrative expenses	7,267	4,315
Total adjusted operating expenses	21,825	16,246
Depreciation of owned property, plant and equipment (note 13)	680	546
Depreciation of right of use assets (note 13)	795	–
Amortisation of development costs (note 14)	3,777	2,558
Amortisation of acquired intangibles (note 14)	2,210	1,289
Non-recurring transaction costs (note 14.03)	–	994
Exceptional reorganisation costs (note 9.02)	509	1,223
Share-based payment charge (note 20)	588	191
Total administrative expenses	30,384	23,047

Non-recurring transaction costs are legal and professional fees incurred in relation to the acquisition of MeetingZone. Exceptional re-organisation costs are legal and professional fees, provisions for onerous leases and staff termination costs incurred in relation to the restructuring of the MeetingZone organisation following acquisition. These are not expected to recur.

8. Auditor's remuneration

The Group obtained the following services from the auditors and their associates:

	2019 £000	2018 £000
Fees payable to the Group's auditor for the audit of the consolidated financial statements	95	95
Fees payable to the Group's auditor for the audit of the Parent Company's financial statements	10	10
Audit-related assurance services	10	9
Tax compliance services	16	31
Tax advisory services	–	18
Other non-audit services	–	13
Total auditor's remuneration (included within adjusted operating expenses)	131	176

In addition, non-audit service fees relating to the acquisition of MeetingZone of £nil (2018: £121,000) are included in non-recurring transaction costs, and £nil (2018: £ 88,000) were set against share premium.

9. Staff and remuneration

9.01 Number of staff

	2019 Number	2018 Number
Average number of employees (including Directors):		
Executive Directors	3	3
Non-executive Directors	4	4
Commercial	136	91
Engineering and development	44	37
Other	86	61
	273	196

9.02 Remuneration

	2019 £000	2018 £000
Aggregate remuneration of staff (including Directors):		
Short-term remuneration	15,508	12,651
Social security costs	1,551	1,342
Benefits in kind	1,424	700
	18,483	14,693
Capitalisation as development costs (note 14)	(4,056)	(3,825)
Included in adjusted operating expenses	14,427	10,868

Bonuses to Executive Directors of £nil (2018: £82,000) are included in non-recurring transaction costs, and are not included in the totals above.

In addition to the staff costs above, £806,000 (2018: £472,000) of outsourced contractor costs and £139,000 (2018: £nil) of other, non-salary costs were incurred and capitalised as development costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2019

9. Staff and remuneration continued

9.03 Directors' remuneration

Remuneration of the Directors included within the statement of comprehensive income is as follows:

	2019 £000	2018 £000
Short-term remuneration	644	877
Social security	63	75
Benefits in kind	21	24
Non-Executive Director fees	97	94
	825	1,070
Short-term remuneration of highest paid Director	274	369

The remuneration of key management personnel is shown in note 21.01.

10. Finance expense

	2019 £000	2018 £000
Interest on loans	524	380
Loan facility fees	49	87
Interest charges on right of use assets	74	–
	647	467

11. Taxation

11.01 Income tax credit

	2019 £000	2018 £000
Current tax		
Current period UK income tax	(1,429)	(1,006)
Current period foreign income tax	283	103
Adjustment for prior periods	357	46
Net income tax credit	(789)	(857)

11. Taxation continued

11.02 Factors affecting the tax charge

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	2019 £000	2018 £000
UK corporate tax average rate	19%	19%
Profit/(loss) before income tax	(2,794)	385
Tax at the UK corporate tax rate	(531)	73
Effects of:		
Expenses not deductible for tax purposes	386	434
Additional reduction for R&D expenditure	(706)	(884)
Set against brought forward losses	(333)	(427)
Effect of foreign tax rates	(19)	(33)
Adjustment for prior periods	357	46
Other differences	57	(66)
Net income tax credit	(789)	(857)

11.03 Factors that may affect future tax charges

The effective rate of UK corporate tax at the period end was 19%. The same rate is currently due to apply for 2020 and 2021.

12. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2019 000	2018 000
Profit/(loss) attributable to equity holders (£000)	(2,005)	1,242
Adjusted profit attributable to equity holders (£000)(i)	1,302	4,939
Weighted average number of ordinary shares in issue (000)	55,208	49,563
Basic adjusted earnings per share (pence)(ii)	2.4	10.0
Basic earnings per share (pence)	(3.6)	2.5

The diluted earnings per share has been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

	2019 000	2018 000
Weighted average number of ordinary shares in issue	55,208	49,563
Adjustment for share options	5,058	3,583
Weighted average number of potential ordinary shares in issue	60,266	53,146
Diluted adjusted earnings per share (pence)(ii)	2.2	9.3
Diluted earnings per share (pence)	(3.3)	2.4

(i) Calculated as profit attributable to equity holders adjusted for non-recurring transaction costs, exceptional reorganisation costs, amortisation of acquired intangibles and share based payments charges.

(ii) Basic adjusted and diluted adjusted earnings per share are calculated using the profit above and adjusting for non-recurring transaction costs, exceptional reorganisation costs, amortisation of acquired intangibles and share based payments charges.

13. Property, plant and equipment

13.01 Property, plant and equipment (Group)

	Computer equipment £000	Office equipment £000	Total £000
Cost:			
As at 1 January 2018	1,987	398	2,385
Additions	268	86	354
Acquired on acquisition of MeetingZone	5,619	390	6,009
Net exchange difference	107	6	113
As at 31 December 2018	7,981	880	8,861
Additions	652	606	1,258
Net exchange difference	(74)	(4)	(78)
As at 31 December 2019	8,559	1,482	10,041
Accumulated depreciation:			
As at 1 January 2018	1,603	316	1,919
Charge for the year	489	57	546
Acquired on the acquisition of MeetingZone	3,829	304	4,133
Net exchange difference	91	4	95
As at 31 December 2018	6,012	681	6,693
Charge for the year	579	103	682
Net exchange difference	(66)	(5)	(71)
As at 31 December 2019	6,525	779	7,304
Carrying amount:			
As at 1 January 2018	384	82	466
As at 31 December 2018	1,969	199	2,168
As at 31 December 2019	2,034	703	2,737

13.02 Property, plant and equipment (Company)

The Company held no property, plant and equipment during the period.

13.03 Right of use assets

The balance sheet shows the following amounts in relation to leases:

	2019 £000	At 1 January 2019* £000
Right-of-use assets		
Buildings	3,228	1,852
Lease liabilities		
Current	862	657
Non-current	2,366	1,195
	3,228	1,852

Additions to the right-of-use assets during 2019 were £2,082,000.

* In the previous year, the Group only recognized lease assets and liabilities in relation to leases that were classified as finance leases under IAS 17 'Leases' – and there were none of these assets in existence in either 2018 or 2019. For adjustments recognized on adoption of IFRS 16 on 1 January 2019 refer to note 2.12 above.

13. Property, plant and equipment continued

The income statement shows the following amounts relating to leases:

	2019 £000	2018 £000
Depreciation charge of right-of-use assets		
Buildings	795	–
	795	–
Interest expense	74	–

The Group's leases include various office premises, typically on rental contracts from three to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants other than the security interests in the leased assets held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the future expected lease payments. The lease payments are discounted using the Group's incremental borrowing rate, estimated at 3.5%.

Lease payments are allocated between principal and finance costs. The latter is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. Payments associated with short-term or low value leases are recognized on a straight line basis as an expense on the income statement.

14. Intangible assets

14.01 Intangible assets (Group)

	Customer relationships £000	Brand and trademarks £000	Acquired goodwill £000	Development costs £000	Total £000
Cost:					
As at 1 January 2018	–	–	–	13,954	13,954
Acquisition of subsidiary	31,178	1,977	30,950	–	64,105
Additions	–	–	–	4,296	4,296
As at 31 December 2018	31,178	1,977	30,950	18,250	82,355
Additions	–	–	–	5,001	5,001
As at 31 December 2019	31,178	1,977	30,950	23,251	87,356
Accumulated amortisation and impairment:					
As at 1 January 2018	–	–	–	7,812	7,812
Charge for the year	1,212	77	–	2,558	3,847
As at 31 December 2018	1,212	77	–	10,370	11,659
Charge for the year	2,078	132	–	3,777	5,987
As at 31 December 2019	3,290	209	–	14,147	17,646
Carrying amount:					
As at 1 January 2018	–	–	–	4,822	4,822
As at 31 December 2018	29,966	1,900	30,950	7,880	70,696
As at 31 December 2019	27,888	1,768	30,950	9,104	69,710

14. Intangible assets continued

14.02 Development costs

Amortisation and any impairment charges are included in operating expenses in the statement of comprehensive income. Intangible assets not yet ready for use are tested for impairment at least annually. Amortisation of each asset begins from the date the asset becomes available for use.

14.03 Goodwill, customer relationships and brands and trademarks

There were no additions to these assets during 2019. Additions during 2018 relate to the acquisition of MeetingZone as detailed in note 14.04. The acquisition consisted of a single identifiable cash generating unit. The Group used specialist external advisors to value the separately identifiable assets acquired using an income approach to identify the present value of the future economic value of these assets and the resulting goodwill. Detailed three-year cash flow forecasts were produced at the time of the acquisition to support these valuations. The acquired customer relationships and brand assets are considered to have a useful economic life of at least 15 years, and are being amortised over that period, with a remaining amortisation period of 13.5 years at the balance sheet date.

In the period since acquisition, the vast majority of MeetingZone's audio revenue customer base have been transitioned onto the LoopUp platform. Staff and overhead costs have also been amalgamated such that it is becoming increasingly difficult to separately identify the acquired MeetingZone business. This is entirely in line with the intention at the time of the acquisition. To reflect this position, the Group considers that there is one single cash generating business which is the Group as a whole. Impairment testing will therefore be carried out at this level for 2019 onwards.

The Group has reviewed the valuation of these assets following the end of the financial year, updating these cash flow forecasts in conjunction with the Group's operating forecasts for a three-year period using the revised definition of cash generating units. These forecasts support the valuation of these assets with no impairment required.

14.04 Acquisitions and financing

On 4 June 2018, the Group acquired the entire issued share capital of Warwick Holdco Limited, the holding company of the MeetingZone group. The acquisition from GMT Communication Partners was on a debt-free and cash-free basis for a total consideration of £61.4 million paid in cash. To fund the acquisition, the Group issued 12,500,000 new Ordinary Shares at a placing price of £4.00 each and secured a new £17.0 million term loan from the Bank of Ireland.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Fair Value £000
Intangible assets consisting of:	
– Customer relationships	31,178
– Brand and trademarks	1,977
Net assets acquired consisting of :	
– Property, plant and equipment	1,875
– Trade and other receivables	5,325
– Trade and other payables	(4,091)
– Deferred tax liability	(5,636)
Net identifiable assets acquired	30,628
Add: goodwill on acquisition	30,950
Net assets acquired	61,578

In addition, £3,004,000 of cash was acquired.

The goodwill is attributable to the workforce acquired and the value projected to be generated through future new business and the expected benefits from integrating MeetingZone into the LoopUp group.

The customer relationship and brand and trademark assets are being amortised over 15 years, resulting in a charge to the income statement of £2,210,000 (2018: £1,289,009) in the year.

14. Intangible assets continued

14.05 Impairment testing

The Group tests goodwill for impairment on an annual basis by considering the recoverable amount of the single cash generating unit.

There are no intangible assets with indefinite useful lives (other than goodwill).

For the purpose of impairment testing, the recoverable amount of the cash-generating unit has been calculated with reference to value in use. The key assumptions for the period over which management approved forecasts are based and, beyond this, for the value in use calculations overall, are those regarding discount rates, growth rates and achievement of future revenues. In arriving at the values assigned to each key assumption management make reference to past experience and external sources of information regarding the future. The assumptions have been reviewed in light of the current economic environment. The key features of these calculations are shown below:

Period over which management approved forecasts are based	3 years
Growth rate applied beyond approved forecast period for both costs and revenues	5%
Increase in gross margin beyond the approved forecast period	0%
Pre-tax discount rate	8.8%

In preparing value in use calculations, cash flow periods of between 10 and 20 years have been used in order to match the period of goodwill with the average period of time service users are expected to remain in their relevant home. The discount rates used in each value in use calculation have been based upon divisional specific risk taking account of factors such as the nature of service user need, cost profiles and the barriers to entry into each market segment as well as other macro-economic factors.

The Directors believe that, even in the current economic environment and taking into account the nature of the Group's operations, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the cash-generating units' carrying amount to exceed the recoverable amount.

The Group's investment in Warwick Holdco Limited and other subsidiaries is held in LoopUp Limited.

14.06 Intangible assets (Company)

The Company held no intangible assets during the period.

15. Trade and other receivables

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade receivables	6,561	6,362	–	–
Accrued revenue	862	1,356	–	–
Amounts owed by subsidiary undertakings	–	–	60,725	60,641
Other receivables	149	45	–	–
Deposits and prepayments	1,749	1,569	–	–
	9,321	9,326	60,725	60,641
Current corporate tax	1,631	1,153	–	–

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable, the Directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute no more than 3% of total receivables and would relate to a blue-chip customer. As such, the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in note 19.05. No collateral is held as security for trade or other receivables. The ageing analysis of trade receivables is as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Not overdue	3,792	4,146		
Up to 30 days overdue	1,693	1,652	–	–
Between 30 and 60 days overdue	587	538	–	–
Over 60 days overdue	787	236	–	–
	6,859	6,572		
Provision for credit losses	(298)	(210)		
	6,561	6,362	–	–

16. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash and cash equivalents	3,000	5,581	–	–
	3,000	5,581	–	–

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Current:				
Trade payables	4,054	2,851	–	–
Other tax and social security	1,361	1,559	–	–
Other payables	–	77	–	–
	5,415	4,487	–	–
Accruals	1,501	1,783	–	–
Deferred income	1,185	926	–	–
	2,686	2,709	–	–
Lease liabilities (note 13.03)	862	–	–	–
	862	–	–	–
Borrowings – due within one year (note 18)	1,700	1,700	–	–
	1,700	1,700	–	–
Total current liabilities	10,663	8,896	–	–

18. Borrowings

Borrowings held at amortised cost

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Current:				
Bank loan	1,700	1,700	–	–
Total borrowings	1,700	1,700	–	–

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Non-current:				
Bank loan	12,750	14,450	–	–
Total borrowings	12,750	14,450	–	–
Total of current and non-current borrowings	14,450	16,150	–	–

18. Borrowings continued

The Group's bank loan is a £17m facility arranged with the Bank of Ireland in June 2018 in connection with the acquisition of MeetingZone. The facility is a 5-year term loan – 50% amortising, 50% bullet repayment at maturity, at a floating interest rate of 2.5% over LIBOR, with a zero LIBOR floor. Repayments of £0.85m are made every six months. The maturity date for the facility is June 2023. The Group also has access to a £3m revolving credit facility which has not been drawn at any stage.

The facility includes security over the assets of LoopUp Limited and certain other subsidiary companies. The Group is required to ensure that it complies with covenants governing net debt/Adjusted EBITDA and Adjusted EBITDA/gross interest for the period of the loan. The Group has complied with these covenants throughout the life of the facility.

Maturity analysis showing the contractual undiscounted cash flows.

The Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Within six months £000	Six to 12 months £000	One to five years £000	Non-current later than five years £000
31 December 2019:				
Trade payables	4,048	–	–	–
Bank loan	850	850	12,750	–
	4,898	850	12,750	–
31 December 2018:				
Trade payables	2,851	–	–	–
Bank loan	850	850	14,450	–
	3,701	850	14,450	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings £000	Short-term borrowings £000	Total £000
At 1 January 2018	–	–	–
Cash flows:			
– Proceeds	15,300	1,700	17,000
– Repayment	(850)	–	(850)
At 31 December 2018	14,450	1,700	16,150
At 1 January 2019	14,450	1,700	16,150
Cash flows:			
– Repayment	(1,700)	–	(1,700)
At 31 December 2019	12,750	1,700	14,450

19. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in note 4.

19.01 Capital risk management

Funding to date has been by equity (note 20) and loans (note 18).

19.02 Financial assets

The following financial assets were held, all classified as loans, cash or receivables:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash and cash equivalents	3,000	5,581	–	–
Trade receivables	6,561	6,362	–	–
Amounts owed by subsidiary undertakings	–	–	60,725	60,641
Other receivables	149	45	–	–
Deposits	359	279	–	–
	10,069	12,267	60,725	60,641

19.03 Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade payables	4,054	2,851	–	–
Loans	14,450	16,150	–	–
Other payables	–	77	–	–
	18,504	19,078	–	–

19.04 Market risk

There is an exposure to the financial risk of changes in exchange rates impacting overseas revenues and costs. The Directors do not consider it appropriate to engage in hedging activities at this point in time, as the Group's US Dollar revenues and costs are naturally hedged, to a large degree.

19.05 Credit risk

Careful consideration is given to the choice of bank in order to minimise credit risk. Cash is held at different banks in each local jurisdiction. The amounts of cash held with those banks at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK Sterling. Cash is held in local currency in each jurisdiction. Amount held in non-sterling accounts are minimised where possible.

There was no significant concentration of credit risk at the reporting date other than as described at note 15.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

A provision of £298,000 (2018: £210,000) has been made for impairment losses in relation to trade receivables. This represents 4.3% of gross outstanding trade receivables (2018: 3.1%). The Group considers the current level of this provision to be adequate to cover expected credit losses on trade receivables. Bad debt expenses are reported in the income statement.

In the Directors' opinion, there has been no other impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

19. Financial instruments continued

19.06 Liquidity risk management

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections.

19.07 Maturity of financial assets and liabilities

The maturity of non-derivative financial liabilities and assets at the reporting date are shown in note 18.

19.08 Fair value

The fair values of all the financial assets and liabilities on the balance sheet are considered to be equal to their carrying values.

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The fair value of long-term borrowings is the same as the carrying value of long-term borrowings as at 31 December 2019. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2019 or 2018, there were no financial instruments which met any of the above classifications.

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates with the following assumptions being applied:

- for trade and other receivables and payables with a remaining life of less than one year the carrying amount is deemed to reflect the fair value;
- for cash and cash equivalents the amounts reported on the balance sheet approximate to fair value.

20. Share capital and share premium

20.01 Number of shares in issue

	2019 Number	2018 Number
Ordinary shares of 0.5p each	55,245,182	55,132,043
	55,245,182	55,132,043

20.02 Share capital at par, fully paid

	2019 £000	2018 £000
Carried forward:		
Ordinary shares of 0.5p each	276	276
	276	276
Movement in year:		
Shares issued:		
– Ordinary shares of 0.5p each	–	66
	–	66

The classes of ordinary shares ranked pari-passu in respect of voting and dividends.

20. Share capital and share premium continued

20.03 Changes in shares issued

	2019 Number	2018 Number
Ordinary shares issued at £0.0128	–	31,250
Ordinary shares issued at £0.5000	–	33,000
Ordinary shares issued at £0.7500	113,139	498,066
Ordinary shares issued at £4.0000	–	12,500,000
	113,139	13,062,316

In relation to the acquisition of MeetingZone in June 2018, 12,500,000 new shares were issued at a consideration of £4.00 per share. Other share issues in the year and prior year related to the exercise of share options.

20.04 Share premium account

	2019 £000	2018 £000
Brought forward	60,504	12,637
Arising during the year on issue of shares	84	50,329
Costs of share issue	–	(2,462)
Carried forward	60,588	60,504

20.05 Share options

The Group operates a shared-based payment scheme for employee renumeration, which is settled in equity. Options are granted to the majority of employees on a periodic basis. Options under the scheme will vest if certain conditions, as defined in the scheme, are met. Upon vesting, each option allows the holder to purchase one ordinary share at a price determined upon the issue of the option.

Outstanding share options were as follows:

	2019 Number	2018 Number
Outstanding at 1 January	4,732,978	3,009,406
Granted at £4.425	–	2,305,000
Granted at £3.175	1,057,250	–
Cancelled for replacement	(2,512,250)	–
Replacement options granted at £0.75	2,171,800	–
Lapsed	(343,994)	(19,112)
Exercised (note 20.03)	(113,139)	(562,316)
Outstanding at 31 December	4,992,645	4,732,978

	2019 Number	2018 Number
Number of options exercisable at the balance sheet date	2,311,367	2,427,978

	2019 £	2018 £
Weighted average exercise price of outstanding options carried forward	1.05	2.50

20. Share capital and share premium continued

In June 2019 the Group issued share options to a number of employees. A total of 1,078,750 options were issued at a strike price of £3.175, equal to the market price at the date of grant. These options vest over a four year period with a one year cliff.

In December 2019, the Group made an offer to holders of options priced at £4.40 (issued in August 2018) and £3.175 (issued in June 2019) to cancel these options and replace them with new share options with a strike price of £0.75 (compared to the market price at the time of grant of £0.675. The replacement involved a reduction in the number of options of 10% (for the £4.40 options) and 20% (for the £3.175 options). A new four year vesting period commenced upon the replacement. This process resulted in the cancellation of 1,620,000 options previously priced at £4.40 and 892,250 options previously priced at £3.175, and the issuing of 2,171,800 new options at £0.75. Co-CEO's Steve Flavell and Michael Hughes waived their rights to participate in the replacement.

20.06 Share-based payments

The fair values of the options granted have been calculated using a Black-Scholes model. Assumptions used were an option life of five years, a risk-free rate of 1.007%, a volatility of 25% and zero dividend yield. Other inputs were as follows:

	2019 Number	2018 Number
Number granted in year	1,052,000	2,305,000
Share price at grant date	£4.35	£4.35
Exercise price	£4.425	£4.425
Fair value of each issued option	£0.76	£1.02
Vesting period (years)	4	4
Allowance for leavers and failed vestings	10%	10%
Total charge for grant	£720,000	£2,125,000
Charge for the year:		
– 2018 grant	£483,000	£191,000
– 2019 grant	£105,000	–
	£588,000	£191,000

The share option cancellation and re-grant process described above is considered to fall within paragraph 28(c) of IFRS 2 and hence does not result in an accelerated share based payments charge in relation to the cancelled options. Using the same valuation techniques as detailed above for the reissued options results in a lower overall charge, and hence no adjustment has been made to the charge for the year.

21. Related party transactions

21.01 Remuneration of key personnel

Key management of the Group are the members of the executive leadership team. Key management personnel remuneration includes the following expenses:

	2019 £000	2018 £000
Short-term remuneration	1,808	1,845
Social security	179	167
Benefits in kind	79	72
Total remuneration	2,066	2,084

21. Related party transactions continued

21.02 Transactions and balances with key management personnel

	2019 £000	2018 £000
Amounts owed by/(to) key personnel:		
Steve Flavell	(25)	(35)
Michael Hughes	(41)	(30)
Mike Reynolds	(10)	(2)
Simon Healey	(1)	(7)
	(77)	(74)

This amount represents unpaid expense claims or fee invoices.

21.03 Transactions with related companies and businesses

The Group has purchased services in the normal course of business from certain companies related to individuals who are or were Directors of the Group:

The purchases from these parties and the balances owed at year end are as set out below:

	2019 £000	2018 £000
Purchases from related parties:		
Silicon Valley Internship Program LLC	(57)	(45)
	(57)	(45)
Amounts owed to (by) related parties:		
Silicon Valley Internship Program LLC	–	–
	–	–
Interest charged during the year on shareholder loan	–	–

The Group has a related party relationship with its subsidiaries. At the balance Sheet date, the Company had receivables due from LoopUp Limited of £56,266,000 (2018: £56,141,000) and Pimco 2711 Limited of £4,500,000 (2018: £4,500,000). Other balances exist between subsidiaries of the Group which are eliminated on consolidation.

22. Subsidiary undertakings

The Company owns 100% of the issued shares of the following telephony and conferencing services subsidiaries which make up the carrying value of £139,000 (2018: £139,000). Investments in MeetingZone and other subsidiaries are held in LoopUp Limited.

	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by Group at year end 2019	2018
Owned directly by LoopUp Group plc:				
LoopUp Limited	UK	Telephony and conferencing services	100%	100%
Owned indirectly by LoopUp Group plc:				
LoopUp LLC	USA	Telephony and conferencing services	100%	100%
LoopUp (Barbados) Limited	Barbados	Telephony and conferencing services	100%	100%
LoopUp (HK) Limited	Hong Kong	Telephony and conferencing services	100%	100%
LoopUp Australia Pty Ltd	Australia	Telephony and conferencing services	100%	100%
Pimco 2711 Limited	UK	Dormant company	100%	100%
Warwick Holdco Limited	UK	Holding company	100%	100%
Warwick Debtco Limited	UK	Holding company	100%	100%
Warwick Bidco Limited	UK	Holding company	100%	100%
MeetingZone Limited	UK	Telephony and conferencing services	100%	100%
MeetingZone GmbH	Germany	Telephony and conferencing services	100%	100%
MeetingZone Inc	USA	Telephony and conferencing services	100%	100%
MeetingZone Canada Limited	Canada	Telephony and conferencing services	100%	100%
Comfy MeetingZone AB	Sweden	Telephony and conferencing services	100%	100%
Comfy MeetingZone AS	Norway	Telephony and conferencing services	100%	100%
MeetingZone Hong Kong	Hong Kong	Telephony and conferencing services	100%	100%

All subsidiary undertakings have been included in the consolidation.

23. Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2019 £000	2018 £000
Land and buildings:		
Within one year	–	807
In the first to fifth years inclusive	–	1,523
After the fifth year	–	–
	–	2,330

The amounts above comprise various offices under non-cancellable operating leases up to five years in length. These leases have varying terms, escalation clauses and renewal rights. From 1 January 2019, the Group has recognized right of use assets for these leases, except for short-term or low value leases as detailed in notes 2.12 and 13.03.

24. Dividends

The Directors do not recommend the payment of a dividend (2018: £nil).

25. Subsequent events

The Group has experienced a significant increase in demand for the LoopUp product as a result of the Covid-19 outbreak. This has caused a material increase in revenues from March 2020. It is too early to estimate the overall impact of the outbreak on the Group's performance for 2020.

26. Recognition of liabilities arising from financing activities

The change in the Group's liabilities arising from financing activities can be classified as:

	Long-term borrowing £000	Short-term borrowing £000	Total £000
1 January 2019	14,450	1,700	16,150
Cash flows:			
– repayment	(1,700)	–	(1,700)
– proceeds	–	–	–
31 December 2019	12,750	1,700	14,450

27. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019 Assets £000	2019 Liabilities £000	2018 Assets £000	2018 Liabilities £000
Intangible assets	–	5,709	–	5,709
Tax (assets)/liabilities	–	5,709	–	5,709
Net deferred tax liabilities	–	5,709	–	5,709

There were no movements in deferred tax during the year.

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