

MotorK Limited

Annual report and financial statements

For the year ended 31 December 2019

Company Number: 09259000

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MotorK Limited

**Annual report and financial statements for
the year ended 31 December 2019**

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Country of incorporation of parent company:

United Kingdom

Directors:

M Marlia
M Hultman
M Pretolani
L Bowden (from 14/01/2019)

Company secretary:

Laggan Secretaries

Registered office:

Kemp House, 152 City Road, London, EC1V 2NX

Auditors:

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL



MotorK Limited

Strategic report for the year ended 31 December 2019

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

Principal activities

The principal business of the Company is that of a holding company and that of the Group is a comprehensive range of digital products and services for the automotive sector.

At year end the Group traded from eight units: MotorK Ltd in UK, MotorK Italia Srl in Italy, MotorK France Sarl in France, MotorK Deutschland GmbH in Germany, MotorK Spain Gestiones Comerciales in Spain and DriveK Servizi Srl, For Business Srl in Italy and 3W Net Sarl in France. Both For Business Srl and 3W Net were acquired in 2019 and Punsset Asociados was merged with MotorK Spain Gestiones Comerciales.

The Group is headquartered in the UK. MotorK Ltd (the "Parent Company", or "MK UK") was incorporated on 10 October 2014 and is based in London. The registered office is Kemp House, 152 City Road, London, United Kingdom, EC1V 2NX.

The Group results are set out in the accounts on pages 8 to 45.

Business Review and Future Developments

The MotorK Group operates through two business units:

- "DriveK" generates qualified leads ("lead generation") of in-market car buyers which it sells to car manufacturers and dealers. The DriveK website and proprietary car configurator help potential buyers to compare and select cars, find out promotions and get in touch with the nearest dealership to book a test drive or arrange a quotation. DriveK advisors offer a more bespoke support for the individual prospective buyer journey, assisting with finding the right car for their needs, preparing for the dealership experience etc. and
- "DealerK" is primarily a cloud-based "SaaS" (Software as a Service) business, providing specialised digital solutions to automotive dealers and garages, with three main product families:
 - o "WebSpark" which harnesses the power of the web for automotive sales by deploying latest generation websites, with the highest technical and design-standards, as well as search engine optimization and digital media marketing campaigns;
 - o "LeadSpark" which mainly provides powerful, user-friendly and customisable lead management and "CRM" (Customer Relationship Management) systems; and
 - o Training/Coaching and Internet Motors events where automotive sellers can learn about best practice and current trends in online sales and marketing.

In the period prior to approving the financial statements a new risk of the Coronavirus has emerged. This will and has impacted all businesses around Europe (and globally). The Directors have already implemented actions to take account of this risk to ensure the Group can continue to trade for the foreseeable future. The Directors are working with all staff to ensure their continuing welfare and with customers to ensure their requirements can be met.

Our Strategy

The MotorK Group has quickly become a leading player in the digital automotive arena and a trusted partner to more than 90% of car brands in the European marketplace.

Founded in Milan in 2010, MotorK moved its Group headquarters to London in 2016 and has additional offices in Italy, Spain, France, and Germany. Our team from more than 20 countries continues to grow in number and diversity.

The MotorK Group was recognised in 2015 and 2016 in the prestigious Deloitte Technology Fast500 EMEA ranking. In 2016, the company was included in Inc.'s 5000 List of Europe's Fastest-Growing Companies. In 2019 MotorK was selected for the Euronext TechShare program and in 2019 for the Tech Tour Growth 50 - featuring the most promising European super-scale-up tech companies.

In 2013, with less than 20 employees, the Group generated €1 million, and six years later in 2019, with over 400 employees the Group has significantly grown the business to almost €40 million in revenues.

The Group intends to keep growing with a strong focus on technological Research & Development of new and existing digital solutions for dealers and car manufactures. In 2018, the European Investment Bank (EIB) committed a €30m facility to MotorK to support this investment of which €15m has been drawn down thus far.

Key Performance Indicators

The performance of the group is measured with regards to the following key financial metrics:

	2019	2018
Revenues	€37.6m	€24.9m
Gross margin	51.9%	32.5%
Research and Development spend	€3.6m	€3.8m

The Board also monitors non-financial operational KPI metrics including:

- Customer acquisition;
- Customer retention; and,
- Employee turnover.

Section 172 statement

Corporate governance within the group provides a framework to not only demonstrate how the board makes decisions for the long term success of the group and its stakeholders, but also has regard to how the board ensures the company complies with the requirements of Section 172 of the Companies Act 2006.

During 2019 the key decisions taken by the board included:

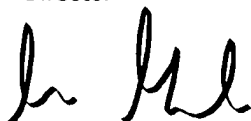
- In January 2019 the group acquired For Business Srl, a call centre business with whom the group already worked closely. The decision was made to acquire the business to bring their call centre capabilities 'in house' to aid the continued expansion of the group.
- In July 2019 the group acquired 3W Net Sarl, a French business already working with a number of automotive dealers through designing and building websites. This was seen as a strategic acquisition to gain access to 3W Net's customer list and expand the group's footprint in the French market.
- During the year the group drew down the next €7.5m tranche of their loan facility with the European Investment Bank and also received an additional €4m on convertible loans. These were drawn upon to assist in funding the expansion of the group's activities and its continuing research and development.

The principal risks and uncertainties of the business are covered within the Directors' report.

Approval

The Strategic report was approved on behalf of the Board on 22 October 2020

Marco Marlia
Director



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

Results and dividends

The results for the Group are set out in the Statement of profit or loss and other comprehensive income on page 8.

During the year no dividend was paid by the group. The directors do not propose a final dividend for the year under review.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. Further details of this judgement are disclosed in the Going Concern section in note 1.

Post balance sheet events

Coronavirus

In February 2020 the Group saw the emergence of Covid-19 and the impact of the subsequent local lockdowns on the wider economy. This is a non-adjusting post balance sheet event and has had no impact on the assets or the liabilities reported at year end. This led to a substantial slowdown on sales activities resulting impact on profitability. The directors are forecasting a loss in 2020 and forecast a return to profitability in 2021. Further details are provided in the Going Concern section of note 1 to these financial statements.

Financing operations

On 26 May 2020 the Group secured a €6m loan from Illimity Bank, to be repaid over 60 months starting in 2021. In addition on 11 March 2020 a further €650k was received in the form of convertible loan notes.

Engagement with suppliers, customers and others

The board recognises that it is essential for the ongoing success and reputation of the business to foster strong relationships across its customer, supplier and wider stakeholder community. There is regular engagement with suppliers at many levels including senior directors. Customer feedback is encouraged at many points of contact and action is taken to address issues identified in order to make the customer experience the best it can be.

The board considers the interests of all shareholders and stakeholders at its board meetings and ensures that all stakeholders' interests are considered when it is appropriate to do so.

Employee involvement

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular meetings, an internal social media platform, employee surveys and notices.

Equal opportunities

The policy of the Group is to recruit, train and provide career development opportunities to talented and committed staff, regardless of age, gender, disability, religion, race or sexual orientation. We pride ourselves on being an inclusive employer and welcome staff with diverse backgrounds.

Principal risks and activities

The principal risks and uncertainties facing the Group are broadly grouped as safety, regulatory and financial, although as noted above the period since the year end saw an additional emerging risk related to the Coronavirus pandemic.

Safety risks

Following the outbreak of the COVID-19 pandemic since the year end the group has adopted the following working practices to ensure the safety of their staff:

- Remote working for all employees to reduce the risk of infection and ensure compliance with local Government guidance; and
- Purchase of various items of personal protective equipment and additional sanitising products which have been provided to all employees.

Other health and safety risks within our workplaces are stress and ergonomic injuries. Within our operating companies our employees can access a range of health and well-being benefits. Factors such as office design and flexible working policies can also play an important role in employee well-being.

Regulatory risks

Starting from 25 May 2018 the EU Regulation 2016/679, known as GDPR (General Data Protection Regulation), concerning the protection of natural persons with regard to the treatment and free circulation of data, is directly applicable in all EU Member States. In particular, clearer rules are introduced on information and consent to the processing of personal data, to the possible transfer of the same, and strict rules are set for cases of violation ("data breach").

The Group has continues to review their data protection policies and the Data Protection Officer ("Data Protection Officer"), responsible for ensuring the correct management of personal data, reviews these practices periodically using professional qualities and knowledge of data protection practices.

Financial risk

There are two main areas of financial risk: currency exposure and credit risk.

Currency exposure - The parent company is based in the UK, while the subsidiaries are all based in the euro-currency area. The Group raises funds in GBP and Euro, but most of the Group's expenses and revenues from the sale of its products are currently denominated in Euros. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations. The Group does not currently have a foreign currency hedging policy as it deems the risk limited at present.

Credit risk - MotorK Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group finances its operations through a mix of operating cash flow, equity and borrowings.

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that MotorK Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Credit risk is also the risk of financial loss to MotorK Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. MotorK Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with costumers with agreed credit terms.

Brexit

With so much uncertainty about both a transitional and post-Brexit deal between the UK and the EU it is difficult for the Group to make meaningful assessments of risks associated. However, the Group is mindful of how the continuing uncertainty, as well as any provisional or final agreements, might affect the business.

The directors are approaching the continuing uncertainty with internal discussion during the board meetings. Supply chain, in term of lead traffic acquisition, dealer contracts, and cross-country international teams are the most relevant points under analysis. Whilst it is clearly impossible to predict what the effect of Brexit will be on the short, medium and long-term prospects of any business, the Company are preparing for different scenarios where possible.

Directors

The Directors who served during the year were Marco Marlia, Mans Hultman and Mauro Pretolani. On 14 January 2019 Laurel Bowden was appointed as a director. The Group takes out Directors & Officers Insurance annually.

Statement of Directors' responsibilities for the Annual Report

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations. Group law requires the Directors to prepare financial statements for each financial period. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law; and the Group consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. The Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the 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 the consolidated accounts have been prepared in accordance with IFRSs as adopted by the European Union and the Company accounts in accordance with UK Accounting Standards, 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 maintaining adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of Information to Auditors

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Approved by the Board on 22 October 2020

Marco Marlia
Director



Independent auditor's report to the members of MotorK Limited

Opinion

We have audited the financial statements of MotorK Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of financial position, Consolidated statement of cash flows, Consolidated statement of changes in equity, Company statement of financial position, Company statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 profit 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, 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.

MotorK Limited

Independent auditor's report to the members of MotorK Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities for the Annual Report, 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 at the Financial Reporting Council's website at: <https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton, United Kingdom

Date: 23 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MotorK Limited

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019**

	Note	2019 €'000	2018 €'000
Revenue	4	37,571	24,885
Cost of sales		(18,086)	(16,809)
Gross profit		19,485	8,076
Administrative expenses		(18,977)	(15,964)
Operating profit/(loss)	5	508	(7,888)
Finance expense	7	(1,428)	(332)
Finance income	7	-	1
Loss before tax		(920)	(8,219)
Tax credit	8	1,133	1,367
Profit/(loss) attributable to owners of the parent		213	(6,852)
Other comprehensive loss:			
<i>Items that will not be re-classified into profit or loss</i>			
Actuarial losses arising from the re-measurement of liabilities for employee benefits	21	(34)	(150)
Other comprehensive loss for the year, net of tax		(34)	(150)
Total comprehensive income/(loss) attributable to owners of the		179	(7,002)

The notes on pages 14 to 45 form part of these financial statements.

Motork Limited

Consolidated statement of financial position
As at 31 December 2019

Company Number: 09259000	Note	2019 €'000	2018 €'000
Assets			
Non-current assets			
Intangible assets	10	11,186	6,634
Property, plant and equipment	9	1,582	394
Non-current assets - security deposits		382	289
Contract assets	4	9,681	1,852
		22,831	9,169
Current assets			
Trade and other receivables	13	14,437	13,601
Contract assets	4	1,543	2,013
Cash and cash equivalents		9,406	6,832
		25,386	22,446
Total assets		48,217	31,615
Liabilities			
Current liabilities			
Trade and other payables	14	12,049	10,523
Borrowings	15	1,742	6,288
Lease liabilities	16	746	-
		14,537	16,811
Non-current liabilities			
Employee benefit liabilities	21	1,584	1,252
Deferred tax	19	315	151
Borrowings	15	21,851	9,078
Trade and other payables	14	1,759	366
Lease liabilities	16	639	-
		26,148	10,847
Total liabilities		40,685	27,658
NET ASSETS		7,532	3,957

The notes on pages 14 to 45 form part of these financial statements

MotorK Limited

Consolidated statement of financial position
As at 31 December 2019 (continued)

	Note	2019 €'000	2018 €'000
Issued capital and reserves attributable to owners of the parent			
Share capital	19	273	261
Share premium reserve		12,166	8,978
Retained earnings		(4,907)	(5,282)
		<hr/>	<hr/>
TOTAL EQUITY		7,532	3,957
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:

Marco Marlia
Director



The notes on pages 14 to 45 form part of these financial statements.

MotorK Limited

Consolidated statement of cash flows
For the year ended 31 December 2019

	2019 €'000	2018 €'000
Profit/(loss) for the year	213	(6,852)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	1,156	123
Amortisation of intangible fixed assets	1,532	1,197
(Profit) on disposal of property, plant and equipment	(16)	-
Finance income	-	(1)
Finance expense	1,428	332
Income tax expense	(1,133)	(1,367)
Share based payment expense	196	344
	<u>3,376</u>	<u>(6,224)</u>
(Increase) in trade and other receivables	(7,929)	(3,288)
Increase in trade and other payables	281	3,658
Increase in provisions and employee benefits	298	294
	<u>(3,974)</u>	<u>(5,560)</u>
Cash outflow from operations	(3,974)	(5,560)
Income taxes repaid	1,000	1,157
	<u>(2,974)</u>	<u>(4,403)</u>
Net cash (used in) operating activities	(2,974)	(4,403)
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(647)	-
Purchase of intangible assets	(3,586)	(3,806)
Purchases of property, plant and equipment	(13)	(56)
Purchases of non-current assets - security deposits	(93)	(170)
Sale of property, plant and equipment	30	16
Interest received	-	1
	<u>(4,309)</u>	<u>(4,015)</u>
Net cash (used in) investing activities	(4,309)	(4,015)
Financing activities		
Bank loans repaid	(618)	(442)
New bank and other loans	13,500	13,000
(Decrease)/increase in factoring finance	(1,448)	1,452
Capital element of lease liabilities repaid	(1,050)	(45)
Interest paid on bank and other loans	(443)	(263)
Interest paid on lease liabilities	(84)	(19)
Debt issue costs	-	(99)
	<u>9,857</u>	<u>13,584</u>
Net cash from financing activities	9,857	13,584
Net increase in cash and cash equivalents	2,574	5,166
Cash and cash equivalents at beginning of year	6,832	1,666
Cash and cash equivalents at end of year	9,406	6,832

The notes on pages 14 to 45 form part of these financial statements.

MotorK Limited

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Share capital €'000	Share premium €'000	Retained Earnings €'000	Total attributable to equity holders of parent €'000
1 January 2019	261	8,978	(5,282)	3,957
Comprehensive Income for the year				
Profit for year	-	-	213	213
Other comprehensive Income				
Actuarial losses in relation to employee benefit liabilities	-	-	(34)	(34)
Total comprehensive Income for the year	-	-	179	179
Contributions by and distributions to owners				
Issue of shares	12	3,188	-	3,200
Share based payment	-	-	196	196
Total contributions by and distributions to owners	12	3,188	196	3,396
31 December 2019	273	12,166	(4,907)	7,532

Share capital represents the nominal value of the share capital subscribed for.

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of share issues.

The notes on pages 14 to 45 form part of these financial statements.

MotorK Limited

Consolidated statement of changes in equity
For the year ended 31 December 2019 (*continued*)

	Share capital €'000	Share premium €'000	Retained Earnings €'000	Total attributable to equity holders of parent €'000
1 January 2018	261	8,978	1,376	10,615
Comprehensive Income for the year				
Loss for year	-	-	(6,852)	(6,852)
Other comprehensive Income				
Actuarial losses in relation to employee benefit liabilities	-	-	(150)	(150)
Total comprehensive Income for the year	-	-	(7,002)	(7,002)
Contributions by and distributions to owners				
Issue of shares	-	-	-	-
Share based payment	-	-	344	344
Total contributions by and distributions to owners	-	-	344	344
31 December 2018	261	8,978	(5,282)	3,957

Share capital represents the nominal value of the share capital subscribed for.

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of share issues.

The notes on pages 14 to 45 form part of these financial statements.

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively “IFRSs”) as adopted by the European Union (‘Adopted IFRSs’) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will have sufficient funds available to enable it to continue to trade for the foreseeable future. In making their assessment that this assumption is correct the Directors have undertaken an in depth review of the business, its current prospects, and cash resources as set out below.

In February 2020 the Group saw the emergence of Covid-19 and the impact of the subsequent lockdowns in many parts of Europe on the wider global economy. Despite the Group continuing to trade throughout this time it has led to a significant reduction in the Group’s income and profitability during this period. The Directors have prepared revised forecasts to the end of 2021 and have secured an additional €6,650k of financing since the year end to assist in improving their existing cash reserves and headroom.

After due consideration of these forecasts the Directors consider that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and for this reason the financial statements have been prepared on a going concern basis.

New International Financial Reporting standards in the year

New standards impacting the Group that will be adopted in the financial statements for the year ended 31 December 2019, and which have given rise to changes in the Group’s accounting policies are:

IFRS 16 Leases

The impact of this standard is disclosed in note 25. Other new standards and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group’s activities or require accounting which is consistent with the Group’s current accounting policies.

1. Accounting policies (continued)

Revenue

Revenues from cloud-based SaaS platforms are recognised in line with the IFRS 15 at the inception of each relevant contract.

Revenues from "lead generation" services are recognised when the leads are sent to the OEM (Original Equipment Manufacturing in Automotive Sector), or to the Dealer after the qualification of the lead.

Cloud-based SaaS platforms are invoiced periodically depending on the milestones and payment cadence agreed in the contract (which may be from delivery/go-live and annually, quarterly or monthly respectively).

The revenues from training are recognised when the training has been delivered.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see note 25. The following policies apply subsequent to the date of initial application, 1 January 2019.

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

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

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

1. Accounting policies (*continued*)

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currency

The Group's functional currency is in Euros.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

All overseas operations transact in Euros. Therefore no adjustment is required on consolidation.

Employee benefits liabilities

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian civil code is a deferred compensation and is based on the years of service of the employee and on the compensation received during the year of service.

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees and on the taxable remuneration earned by the employee during the service year, i.e. the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During 2019 there were no special events, such as restructuring plans, reductions or regulations during the reference period.

The current value of the fund is calculated using the Projected Unit Credit Method (present value of future performance). The obligations of the pension funds and the relative assets of the plan are assessed annually by a qualified actuary. Costs for current services and net interest income on liabilities or net assets for defined benefits are recognised as "Personnel costs". The Group determines the net financial charges by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined net benefit or assets.

Measurement of the net liabilities for defined benefits, which include income from the obligation for defined benefits and the return on the assets servicing the plan (excluding interest) are immediately recognised in other the comprehensive income.

When the benefits of a plan are changed or when a plan is reduced, the resulting benefit in the benefit that relates to past service or the gain or loss on the reduction is immediately recognised as "Personnel costs".

A net asset is recorded only to the extent that it does not exceed the present value of the economic benefits available in the form of any future redemption of the plan or reductions in future contributions to the plan.

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (*continued*)

1. Accounting policies (*continued*)

Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the MotorK Limited has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The accounting policy for financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(ii) Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Financial liabilities

All financial liabilities, with the exception of contingent consideration, are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Contingent consideration is recognised at fair value through profit and loss and the liability is remeasured at each statement of financial position date based on the latest available information.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(iv) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)**

1. Accounting policies (continued)***Leased assets***

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Non-contractual customer relationships	15 years	Estimated discounted cash flow
Contractual relationships	15 years	Estimated discounted cash flow
R&D assets	5 years	Estimated

1. Accounting policies (continued)

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- a. it is technically feasible to develop the product for it to be sold
- b. adequate resources are available to complete the development
- c. there is an intention to complete and sell the product
- d. the Group is able to sell the product
- e. sale of the product will generate future economic benefits, and
- f. expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administration expenses line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- a. The initial recognition of goodwill
- b. The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- c. Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- d. The same taxable group company, or
- e. Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)**Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

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

Leasehold improvements	-	20% straight line
Fixtures & fittings	-	16% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20% straight line

Operating segments

MotorK Group is organised into three operating segments:

- DriveK: generates qualified contacts or “leads” for automotive sales companies. DriveK helps internet users to compare and select cars, to contact relevant dealerships and supports the potential customer in all relevant activities during the purchase process (for example scheduling of appointments, evaluation of the dealership and evaluation of the car);
- DealerK: Primarily consisting of Software as a Service (SaaS) products sold to the automotive sector, providing specific digital tools to assist sales and marketing - in particular our WebSpark and LeadSpark products, but also web-media marketing and training for dealers; and
- Corporate: this segment identifies investments in R&D activities that support the Company's business and the effects of transfer pricing on the MotorK Group structure.

The operating segments have been defined in such a way as to reflect the internal organisation of the Company for the purposes of financial reporting and to respect the internal reporting used by the management.

As permitted by IFRS 8.26, these notes do not provide disclosures on assets and liabilities by operating segment, as this information is not available and is not analysed by the management, which focuses on profit and loss items.

€'000	DriveK	DealerK	Corporate	Total
Revenues	11,951	25,620	-	37,571
R&D Capitalisation	-	-	3,589	3,589
Costs for marketing services	(4,679)	(6,553)	-	(11,232)
Costs for call centre services	(610)	(31)	-	(641)
Personnel costs	(1,965)	(4,977)	(10,987)	(17,929)
Other operating costs	(463)	(1,818)	(8,569)	(10,850)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss)	4,234	12,241	(15,967)	508
	<hr/>	<hr/>	<hr/>	<hr/>

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (*continued*)

1. Accounting policies (*continued*)

Share based payments

The Group provides share-based payment arrangements to certain employees.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

- *Share based payments* - Determining the fair value of share-based payments at the balance sheet date represents a significant accounting estimate. There is inherent judgement in the key inputs into the valuation, such as the valuation of the company and the risk free rate applied.
- *Capitalisation of development costs* - Expenditure on Research and Development is recognised as an expense and charged to the consolidated statement of comprehensive income in the year in which it is incurred.

Development expenditure relating to specific projects intended for commercial exploitation is capitalised as an intangible fixed asset where the following conditions are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- It is the intention of the Company to complete the intangible asset and use or sell it;
- The Company has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits;
- The technical, financial and other resources needed to complete the development and to use or sell the intangible asset are available to the Company; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Estimates and assumptions

- *Revenue recognition* - Provision of rights to return goods if customers are dissatisfied (see Note 4)
- *Impairment of goodwill* - Estimate of future cash flows and determination of the discount rate (see note 11).
- *Income taxes* - provisions for income taxes in various jurisdictions (see note 8).
- *Employee benefits liabilities*- actuarial assumptions (see note 21).

3. Financial instruments - Risk Management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods:

Capital risk management

The Group defines capital as the total equity of the Group. The Group's capital is made up of share capital, share premium, retained earnings and other reserves totalling €7,538k (2018: €3,957k).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flow and issuance of shareholders' equity and borrowings. There are no externally imposed capital requirements.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group ensures that the distributions to shareholders do not exceed working capital requirements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The credit risk profile of the Group focuses on a select few clients only, with additional resource specifically allocated to manage this.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for impairment, represents the Group's maximum exposure to credit risk. See analysis of financial assets below and consideration of the impairment of overdue receivables in note 13.

Foreign exchange risk

The parent company is based in UK, while the subsidiaries are all based in the euro-currency area. The Group is raising funds in GBP and Euros, but most of the Group's expenses and the sale of its products will be denominated in Euros. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its long-term borrowings. Of the long term bank borrowings, as set out in note 15, one is fixed at 1.7% above EUROBOR, another is fixed at 3.5% above EUROBOR, and the third is fixed at 5.3% above EUROBOR. The other loan is fixed at 9-10%.

**Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)**

3. Financial instruments - Risk Management (continued)

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Fixed rate bank loans

(ii) Financial assets

	2019 €'000	2018 €'000
Financial assets categorised as loans and receivables		
Trade receivables	11,926	10,351
Other receivables	378	1,007
Cash and cash equivalents	9,406	6,832
	21,710	18,190

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. Trade receivables are stated net of provision for impairment. See note 13 for disclosure in respect of overdue trade receivables.

(iii) Financial liabilities

Financial liabilities measured at amortised cost are analysed in notes 14, 15 and 16.

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

4. Revenue

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:
- depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in note 1.

2019 Primary geographic markets	Lead generation €'000	Web platform €'000	Media agency €'000	Training €'000	Other revenues €'000	Total €'000
UK	175	-	-	-	-	175
Italy	6,070	16,497	7,046	1,026	715	31,354
Spain	1,980	1,041	603	43	77	3,744
France	1,089	581	2	7	58	1,737
Germany	33	351	155	11	11	561
	<u>9,347</u>	<u>18,470</u>	<u>7,806</u>	<u>1,087</u>	<u>861</u>	<u>37,571</u>
Timing of revenue recognition	Lead generation €'000	Web platform €'000	Media agency €'000	Training €'000	Other revenues €'000	Total €'000
- Point of time - Delivery of service	9,347	-	7,806	1,087	861	19,101
- Point of time - Signing of contract	-	18,470	-	-	-	18,470
	<u>9,347</u>	<u>18,470</u>	<u>7,806</u>	<u>1,087</u>	<u>861</u>	<u>37,571</u>
2018 Primary geographic markets	Lead generation €'000	Web platform €'000	Media agency €'000	Training €'000	Other revenues €'000	Total €'000
UK	212	-	-	-	25	237
Italy	8,078	5,195	4,170	965	514	18,922
Spain	1,736	781	628	39	142	3,326
France	2,224	16	-	4	8	2,251
Germany	30	45	53	-	20	149
	<u>12,280</u>	<u>6,037</u>	<u>4,851</u>	<u>1,008</u>	<u>709</u>	<u>24,885</u>
Timing of revenue recognition	Lead generation €'000	Web platform €'000	Media agency €'000	Training €'000	Other revenues €'000	Total €'000
- Point of time - Delivery of service	12,280	-	4,851	1,008	709	18,848
- Point of time - Signing of contract	-	6,037	-	-	-	6,037
	<u>12,280</u>	<u>6,037</u>	<u>4,851</u>	<u>1,008</u>	<u>709</u>	<u>24,885</u>

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

4 Revenue (continued)

The lead generation activity ("DriveK") relates to the generation via web of contacts of individual consumers in the market for the purchase of an automotive vehicle; revenues for DealerK SaaS platforms consist of fees for the creation and maintenance of the dealers' websites ("WebSpark") and CRM services ("LeadSpark"); DealerK web-media agency revenues are services for the dealer in order to acquire enhanced online traffic; training revenues are related to teaching of the "DealerK method", other revenues mainly include revenues for "white label" integrations on other lead generation sites such as classified sites.

Contract balances	2019 Contracts assets €'000	2018 Contracts assets €'000
At 1 January 2019	3,865	3,759
Transfers in period from contract assets to trade receivables	(3,865)	(3,759)
Excess of revenue recognised (or rights to cash) being recognised during the year	11,224	3,865
	<hr/>	<hr/>
At 31 December 2019	11,224	3,865

Contract assets (services performed but not yet invoiced) totalling €1,543k (2018: €2,013k) are included within current assets and contract balances totalling €9,681k (2018: €1,852k) are included in non-current assets on the face of the statement of financial position.

They arise from contracts internally defined as "recurring", or based on multi-year contracts (12, 24 or 36 months) and whose existence is based on "delivery" of a platform (a website in the case of revenues from "WebSpark" activities and a CRM in the case of revenues from "LeadSpark" activities) which the costs necessary for the development, use and basic operation of the product have already been incurred.

5. Group operating profit/(loss)

Group operating loss is stated after charging/(crediting):

	2019 €'000	2018 €'000
Depreciation of property, plant and equipment	1,156	123
Amortisation of intangible assets	1,532	1,197
(Profit)/loss on sale of property, plant and equipment	(16)	-
Pension costs	657	465
Operating lease expense	-	1,143
	<hr/>	<hr/>

The fees of the Group's auditor for services provided are analysed below:

	2019 €'000	2018 €'000
Audit of the Group's financial statements	24	42
Fees payable to the Company's auditor for other services:		
Audit of the Group's subsidiaries	17	17
Other non-audit services	5	-
	<hr/>	<hr/>

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

6. Employee benefit expenses

	2019 €'000	2018 €'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	14,538	12,785
Social security costs	4,479	3,074
Defined contribution pension cost	657	469
Share based payments	196	344
	<u>19,870</u>	<u>16,672</u>

Average number of persons employed by the Group was:

	2019 No	2018 No
Technical and sales	343	246
Clerical	79	57
	<u>422</u>	<u>303</u>

Directors' remuneration

	2019 €'000	2018 €'000
Emoluments	143	120
Highest paid director		
Total emoluments	<u>143</u>	<u>120</u>

7. Finance income and expense

	2019 €'000	2018 €'000
Finance income		
Interest received on bank deposits	-	1
	<u>-</u>	<u>1</u>
Total finance income	<u>-</u>	<u>1</u>
	2019 €'000	2018 €'000
Finance expense		
Bank loans and overdrafts	197	70
Other loans	1,043	114
Hire purchase interest	84	32
Net interest expense on defined benefit pension scheme	22	14
Other interest	82	102
	<u>1,428</u>	<u>332</u>
Total finance expense	<u>1,428</u>	<u>332</u>

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

8. Tax (credit)	2019 €'000	2018 €'000
Current tax (credit)		
Current tax on profits for the year	-	-
Foreign tax	(1,122)	(1,393)
Adjustment for over provision in prior periods	-	-
	<hr/>	<hr/>
Total current tax	(1,122)	(1,393)
Deferred tax expense		
Origination and reversal of temporary differences	(11)	26
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
Total deferred tax	(11)	26
	<hr/>	<hr/>
Tax (credit) on profit/loss on ordinary activities	(1,133)	(1,367)
	<hr/>	<hr/>

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

	2019 €'000	2018 €'000
Profit/(loss) for the year	(920)	(8,219)
	<hr/>	<hr/>
Tax using the Company's domestic tax rate of 19.0% (2018: 19.0%)	(175)	(1,562)
R&D expenditure credit	(1,582)	(1,846)
Tax losses unutilised	203	1,640
Other movements	421	401
	<hr/>	<hr/>
Total tax (credit)	(1,133)	(1,367)
	<hr/>	<hr/>

Changes to corporation tax rates

As a result of the Finance Act 2017 the rate of corporation tax has been reduced from 20% to 19% for periods beginning after 1 April 2016. As at the year end the future rate of corporation tax enacted in The Finance Act 2016 was 17%. Accordingly, deferred tax balances as at 31 December 2019 have been recognised at 17% (2018: 17%).

Factors affecting future tax charges

At year end the group has estimated trading losses carried forward totalling €8,702k (2018: €7,225k).

A deferred tax asset totalling €1,479k (2018: €1,228k) has not been recognised on these losses.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

9. Property, plant and equipment

<i>Cost or valuation</i>	Leasehold Land and Buildings €'000	Fixtures and Fittings €'000	Motor Vehicles €'000	Computer Equipment €'000	Right-of-use Assets €'000	Total €'000
At 1 January 2019	316	60	66	190	1,965	2,597
Additions	4	6	-	3	389	402
Acquisitions	9	16	-	11	-	36
Disposals	(3)	(5)	(66)	(1)	-	(75)
At 31 December 2019	326	77	-	203	2,354	2,960
<i>Accumulated depreciation</i>						
At 1 January 2019	129	28	16	65	-	238
Charge for the year	62	16	-	42	1,036	1,156
Depreciation on disposals	(1)	-	(16)	(1)	-	(18)
Transfers	-	2	-	-	-	2
At 31 December 2019	190	46	-	106	1,036	1,378
<i>Net book value</i>						
At 31 December 2019	136	31	-	97	1,318	1,582

At 31 December 2018 the net book value of leasehold land and buildings includes €93k and motor vehicles includes €50k in respect of assets held under finance leases. The depreciation charged on these assets during 2018 was €40k. For the year ended 31 December 2019 assets arising from leases where the group is a lessee have been accounted for under IFRS16 and shown under right of use assets within property, plant and equipment. See note 25 for further details of the transitional arrangements.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

9. Property, plant and equipment (continued)

<i>Cost or valuation</i>	Leasehold Land and Buildings €'000	Fixtures and Fittings €'000	Motor Vehicles €'000	Computer Equipment €'000	Total €'000
At 1 January 2018	308	50	93	145	596
Additions	8	10	-	48	66
Disposals	-	-	(27)	(3)	(30)
At 31 December 2018	316	60	66	190	632
<i>Accumulated depreciation</i>					
At 1 January 2018	68	16	15	30	129
Charge for the year	61	12	15	35	123
Depreciation on disposals	-	-	(14)	-	(14)
At 31 December 2018	129	28	16	65	238
<i>Net book value</i>					
At 31 December 2018	187	32	50	125	394

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

9. Property, plant and equipment (continued)

Right-of-use assets

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

	2019
	€'000
<i>Net book value:</i>	
Land and buildings	948
Motor vehicles	370
	<hr/>
	1,318
	<hr/>
<i>Depreciation charge:</i>	
Land and buildings	725
Motor vehicles	311
	<hr/>
	1,036
	<hr/>

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

10. Intangible assets

	Customer relationships €'000	Development €'000	Goodwill €'000	Total €'000
Cost or valuation				
At 1 January 2019	492	7,192	587	8,271
Additions - internally generated	-	3,586	-	3,586
Acquired through business combinations	1,028	12	1,458	2,498
Transfer	-	-	-	-
At 31 December 2019	1,520	10,790	2,045	14,355
Accumulated amortisation and impairment				
At 1 January 2019	73	1,564	-	1,637
Charge for the year	176	1,356	-	1,532
At 31 December 2019	249	2,920	-	3,169
Net book value				
At 31 December 2019	1,271	7,870	2,045	11,186
At 31 December 2018				
	Customer relationships €'000	Development €'000	Goodwill €'000	Total €'000
Cost or valuation				
At 1 January 2018	440	3,438	746	4,624
Additions - internally generated	52	3,754	-	3,806
Transfer	-	-	(159)	(159)
At 31 December 2018	492	7,192	587	8,271
Accumulated amortisation and impairment				
At 1 January 2018	-	440	-	440
Charge for the year	73	1,124	-	1,197
At 31 December 2018	73	1,564	-	1,637
Net book value				
At 31 December 2018	419	5,628	587	6,634

Further details of the acquisitions in the year are provided in note 22.

MotorK Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2019 (continued)

11. Goodwill and impairment

The Group holds goodwill in respect of the MotorK Italy acquisition in 2016, the Punsset and MotorK Deutschland acquisitions in 2017, and the For Business and 3W Net acquisitions in 2019, which are respectively considered to be discrete cash generating units ("CGUs").

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Impairment is not required.

The Group tests for impairment by preparing cash flow forecasts derived from the most recent financial budgets approved by the Board, extending over the next 5 financial periods. Beyond that period operating cash flows are assumed to grow at 3% annually for the foreseeable future.

In assessing the value in use of the CGU's, management have considered the potential impact of possible changes in the main assumptions used, and have calculated that a 48% shortfall in projected growth of future cashflows for the former Punsset trade and a 64% shortfall in projected growth of future cashflows for 3W Net would cause the carrying value of each CGU to exceed its recoverable amount.

The risk adjusted post-tax rate used to discount each of the CGU cash flow forecasts is 12.0%.

12. Subsidiaries

The subsidiaries of MotorK Ltd, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at	
		2019	2018
MotorK Italia Srl	Italy	100%	100%
Punsset Asociados 21, SL	Spain	100%	100%
MotorK Spain Gestiones Comerciales	Spain	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%
MotorK France Sarl	France	100%	100%
DriveK Servizi Srl	Italy	100%	100%
For Business Srl	Italy	100%	-
3W Net Sarl	France	100%	-

The registered offices of the companies disclosed above is as follows:

MotorK Italia Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
Drive K Servizi Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
Punsset Asociados 21, SL	El Crucero 12-b - Cantabria - 39724 - Valdecilla, Santander
MotorK Spain Gestiones Comerciales	Calle Muntaner 305 Planta PR Puerta 2 - 08021 - Barcelona
MotorK Deutschland GmbH	Destouchesstr. 68 - 80796 - Munchen
MotorK France Sarl	3 B Rue Taylor - 75010 - Paris
For Business Srl	Via Pergolesi, 6 - 20124 Milano
3W Net Sarl	38 bis Boulevard de l'Ouest - 93340 - Le Raincy

The principal activities of the subsidiaries are lead generation for car manufacturers, digital automotive services for car dealers and web platforms.

DriveK Servizi Srl is non-trading at year end. Punsset Asociados 21, SL was merged with MotorK Spain Gestiones Comerciales during the year and is now dormant.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

13. Trade and other receivables

	2019 €'000	2018 €'000
Trade receivables	11,926	10,351
Prepayments	488	383
Other receivables	378	1,007
Tax recoverable	1,645	1,860
	<hr/>	<hr/>
Total trade and other receivables	14,437	13,601
	<hr/>	<hr/>

As at 31 December 2019 trade receivables of €2,620k (2018: €2,833k) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2019 €'000	2018 €'000
Overdue by 1 month	725	828
Overdue by 2 months	318	671
Overdue by 3 months or more	1,577	1,334
	<hr/>	<hr/>
	2,620	2,833
	<hr/>	<hr/>

As at 31 December 2019 trade receivables of €334k (2018: €221k) were past due and fully impaired. The bad debt provision is a specific provision against a number of customers where, in the view of the directors, there is specific and objective evidence that the debt is impaired.

Movements in the impairment allowance for trade receivables are as follows:

	2019 €'000	2018 €'000
At 1 January	221	186
Increase during the year	113	35
Receivable written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
	<hr/>	<hr/>
At 31 December	334	221
	<hr/>	<hr/>

The movement in the impairment allowance for trade receivables has been included in the administrative expenses line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

14. Trade and other payables

Current	2019 €'000	2018 €'000
Trade payables	5,071	4,582
Other payables	1,370	1,123
Accruals	2,478	1,991
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	8,919	7,696
Other payables - tax and social security payments	2,875	2,490
Corporation tax and overseas corporate tax	255	337
Total Current Trade and other payables	12,049	10,523
Non-current		
Other payables	1,759	366

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

The non-current other payables totalling €842k (2018: €57k) relates to the deferred consideration in relation to the acquisition of Punsset Asociados 21, SL and 3W Net Sarl. Of these amounts €842k (2018: €57k) is due between 1-2 years and €Nil (2018: €Nil) is due between 2-5 years. A further €721k (2018: €78k) is included with current other payables at 31 December 2019.

The non-current other payables totalling a further €917k (2018: €309k) relates to a provision in respect of contract assets in line with the requirements of IFRS 15.

15. Loans and borrowings liabilities

Secured - at amortised cost	2019 €'000	2018 €'000
Current		
Factoring	1,114	2,562
Bank loan	628	664
Finance lease liability	-	62
Other loan	-	3,000
	1,742	6,288
Non-current		
Bank loan	2,949	1,578
Other loans	18,902	7,436
Finance lease liability	-	64
	21,851	9,078
Repayable as follows:		
Under 1 year	1,742	6,288
1-2 years	4,861	663
2-5 years	16,590	8,415
Greater than 5 years	400	-
	23,593	15,366

**Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)**

15. Loans and borrowings (continued)

The bank and other loans are unsecured.

Within Non-current Bank loans is an amount totalling €400k in relation to one bank loan which is due for repayment in great than 5 years. The loan is repayable by 20 quarterly instalments of €100k beginning in 2021.

Finance lease liabilities are secured on the assets to which they relate. The average lease term is three periods. For the year ended 31 December 2018, the average effective borrowing rate was 12.45%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis. For the year ended 31 December 2019 these amount are included within Lease liabilities in Note 16.

Factoring liabilities are secured against the assets they relate to.

On 11 December 2019 €3,000k of other loans were converted equity as disclosed in note 19. The €4,000k other loan advanced in the year is convertible into shares capped at an aggregate nominal value of €10,341. This loan does not carry any interest and is not repayable and is convertible by the loan note holders at any time or within 18 months of the investment assuming an equity fund raise has been completed. If the loans have not been converted by this date the loan note holders can either extend the term or convert them into equity at that time.

16. Lease liabilities

IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. Note 25 includes an explanation of the effect of the change in accounting policy. Details of the new accounting policy are included within note 1.

The leases within the scope of IFRS 16 relate to property and motor vehicles. All such leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets or leases with a duration of twelve months or less. The expense relating to short-term leases of twelve months or less was €nil. The Group held no low value asset leases.

Right-of-use assets are initially measured at the amount of lease liability reduced for any lease incentives received and increased for initial direct costs incurred and any provision contractually required. Right-of-use assets are amortised on a straight-line basis over the period of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental external borrowing rate for the particular asset and level of security. The incremental borrowing rate is 5.0% in relation to both the land and buildings and motor vehicles. Subsequent to the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Group leases office buildings where payments are fixed until the contracts expire. The Group also leases motor vehicles where payments can be increased if actual mileage is higher than the contracted rates. There is no other variability in respect of payments and there is not considered to be any significant judgement in relation to the lease terms.

	Land & buildings	Motor vehicles	Total
	€'000	€'000	€'000
Lease liabilities			
As at 1 January 2019	1,504	542	2,046
Cash items:			
Lease payments	(808)	(326)	(1,134)
Non-cash items:			
New leases in the year	250	139	389
Interest expense	64	20	84
At 31 December 2019	<u>1,010</u>	<u>375</u>	<u>1,385</u>

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

16. Lease liabilities (continued)

The maturity profile of the lease liabilities is as follows:

	2019
Repayable as follows:	€'000
Under 1 year	746
1-2 years	365
2-5 years	213
Greater than 5 years	61
	1,385

17. Share based payments

The company and group operate an equity-settled share-based remuneration scheme for employees which comprises the group Employee Share Option Plan.

During the year ending 31 December 2019 432,274 (2018: 547,690) options were granted to employees. These options all vest on a straight-line basis over four years, have an exercise price of €0.34, and have a life of 10 years.

	2019	2019	2018	2018
	Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
Outstanding at 1 January	34	1,496,005	337	99,379
Subdivision of shares	-	-	34	894,411
Granted during the year during the	34	432,274	34	547,690
Lapsed during the year	34	(526,905)	34	(45,475)
	34	1,401,374	34	1,496,005

The exercise price of options outstanding at 31 December 2019 was €0.34 (2018: €0.34) and their weighted average contractual life was 8.3 (2018: 8.9) years.

Of the total number of options outstanding at 31 December 2019 533,353 (2018: 247,609) were capable of being exercised.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration scheme operated by the group.

	2019	2018
	Black-Scholes	Black-Scholes
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€ cents)	168	112
Exercise price (€ cents)	34	34
Weighted average contractual life (years)	10	10
Volatility	32%	32%

The share-based remuneration expense comprises:

	2019	2018
	€'000	€'000
Equity-settled scheme	196	344
	196	344

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

18. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2018: 17%), which has been substantively enacted as at the year end. This rate has been applied to deferred tax balances, which are expected to reverse after 1 April 2020, the date on which that new rate becomes effective.

Current assets deferred tax liability

The movement on the deferred tax account is as shown below:

	2019 €'000	2018 €'000
At 1 January	151	125
Business combination	175	-
Recognised in profit and loss	(11)	26
	<hr/>	<hr/>
At 31 December	315	151

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

Details of the deferred tax liability and the movements during the year as shown below:

	2019 €'000	2018 €'000
Deferred tax balance comprises:		
Accelerated capital allowances	5	5
Employee benefits liability	33	44
Short term timing differences	18	18
Customer relationships	259	84
	<hr/>	<hr/>
	315	151

The group has estimated trading losses totalling €8,702k (2018: €7,225k). A deferred tax asset totalling €1,479k (2018: €1,228k) has not been recognised on the losses due to the uncertainty as to when the losses will be utilised.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (*continued*)

19. Share capital

	2019 €'000	2018 €'000
17,352,000 (2018: 17,300,000) Ordinary shares of €0.01	174	173
196,500 (2018: 196,500) Deferred shares of €0.01	2	2
2,779,100 (2018: 2,779,100) Preferred A-11 shares of €0.01	28	28
6,923,346 (2018: 5,802,000) Preferred A-2 shares of €0.01	69	58
	<u>273</u>	<u>261</u>

On 1 July the company issued 52,000 Ordinary shares for a consideration of €200k. The company issued these shares as part of the business combination to acquire 3W Net Sarl. Further details of this transaction are included in note 22.

On 11 December 2019 the company issued 1,121,346 Preferred A-2 shares as a result of the conversion of €3.0m of other loans as noted in note 15.

The premium reserve amounts to €12,172k as of 31 December 2019 (€8,978k in 2018).

The company has the following classes of shares:

Ordinary shares - These shares give the holders the right to dividends after payment of any Preference dividends, as declared from time to time, and full voting rights. The Ordinary shares carry rights to the return of capital on sale or winding up after the Preference shareholders.

Deferred shares - These shares give the holders no right to dividends or voting rights. The Deferred shares carry rights to the return of capital on sale or winding up after the Preference and ordinary shareholders.

Preference A-1 and A-2 shares - These shares give the holders the right to dividends as declared from time to time (and rank ahead of the ordinary shares, and full voting rights. The Preference shares carry rights to the return of capital on sale or winding up ahead of the other classes of shares.

20. Post balance sheet events

Coronavirus

In February 2020 the Group saw the emergence of Covid-19 and the impact of the subsequent local lockdowns on the wider economy. This is a non-adjusting post balance sheet event and has had no impact on the assets or the liabilities reported at year end. This led to a substantial slowdown on sales activities resulting impact on profitability. The directors are forecasting a loss in 2020 and hope for a return to profitability in 2021. Further details are provided in the Going Concern section of note 1 to these financial statements.

Financing operations

On 26 May 2020 the Group secured a €6m loan from Illimity Bank, to be repaid over 60 months starting in 2021. In addition on 11 March 2020 a further €650k was received in the form of convertible loan notes.

**Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)**

21. Employee benefits liabilities

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian civil code is a deferred compensation and is based on the years of service of the employee and on the compensation received during the period of service.

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees and on the taxable remuneration earned by the employee during the service period, i.e. the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During 2019 there were no special events, such as restructuring plans, reductions or regulations during the reference period.

The Employee benefit plan, included in the Italian employees' contracts only, increased by €332k compared to 31 October 2018, due to the increase in the number of employees. According to IAS 19, the liability was determined by an actuarial calculation. The effect of the actuarial loss amounting to €34k has been recognised in the OCI.

The amounts recognised in the statement of financial position are as follows:

	2019 €'000	2018 €'000
Present value of funded obligations	(1,584)	(1,252)
Fair value of scheme assets	-	-
	<hr/>	<hr/>
Employee benefits liability	(1,584)	(1,252)
	<hr/>	<hr/>

The amounts included within the statement of comprehensive income are as follows:

	2019 €'000	2018 €'000
Current service costs	541	393
	<hr/>	<hr/>
Amount included in administrative expenses	541	393
	<hr/>	<hr/>
Interest on pension liabilities	22	14
	<hr/>	<hr/>
Amount included in finance costs	22	14
	<hr/>	<hr/>
Analysis of the amount recognised in statement of total comprehensive income		
	2019 €'000	2018 €'000
Experience loss on liabilities	(34)	(150)
Changes in assumptions	-	-
	<hr/>	<hr/>
Net loss	(34)	(150)
	<hr/>	<hr/>

The cumulative actuarial gains/ (losses) recognised via the statement of other comprehensive income at 31 December 2019 is (€378k) (2018: (€344k)).

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

21. Employee benefits liabilities (continued)

Changes in the present value of the employee benefit obligation are as follows:

	2019 €'000	2018 €'000
Opening employee benefit obligation	1,252	808
On acquisition	-	-
Service cost	541	393
Interest cost	22	14
Actuarial losses	34	150
Benefit paid	(289)	(113)
Other movements	24	-
	<hr/>	<hr/>
Closing employee benefit obligation	1,584	1,252
	<hr/>	<hr/>

The group expects to contribute €Nil to its employee benefit deficit recovery in 2019.

The expected benefit payments in the year ending 31 December 2019 is €98k.

One of the main assumptions is the discount rate, which should be based on the returns available on high quality corporate bonds at the accounting date with a term corresponding to that of liabilities. The other assumptions should be chosen to reflect a better estimate of future long-term experience. IAS 19 does not define "high quality", but generally means a security rating of AA.

The financial assumptions used for this report at the end of the fiscal year are:

- Discount rate: corporate bonds of appropriate duration and quality should be considered in order to determine a discount rate appropriate for IAS purposes. The discount rates used for assessing current and previous assessments were chosen based on the Willis Towers Watson (scheme actuaries) rate;
- Inflation: the assumed rate of price inflation was assessed by reference to the inflation of the target price set by the European Central Bank over the medium term with a country-specific adjustment;
- Increase in remuneration: The hypothesis was selected in agreement with the Company.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

21. Employee benefits liabilities (continued)

Principal assumptions at the statement of financial position date (expressed as weighted averages)

	2019	2018
Discount rate at 31 December	1.10%	1.80%
Rate of retail price inflation	1.75%	1.75%
Rate of increase in salaries	2.75%	2.75%
Rate of increase of pensions in payment	0%	0%
Rate of increase of pensions in deferment	0%	0%
Plan participant census rate	1/1/20	1/1/19

The amount for the current and previous periods are as follows:-

	2019 €'000	2018 €'000
Employee benefits obligation	(1,584)	(1,252)
Scheme assets	-	-
(Deficit)	(1,584)	(1,252)
Experience adjustments on scheme liabilities	(34)	(150)

Sensitivity analysis of the value placed on liabilities

	€'000
Base case	1,584
Discount rate +0.5%	(147)
Discount rate -0.5%	3

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

22. Business combinations

3W Net Sarl

On 1 July 2019 the group purchased 100% of the share capital of 3W Net Sarl for consideration with a fair value of €2,413k. The shares were acquired by MotorK France Sarl.

Details of the (restated) fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value €'000	Adjustment €'000	Restated fair value €'000
Customer related intangible assets	1,028	-	1,028
R&D intangible assets	8	-	8
Property, plant and equipment	14	-	5
Receivables	256	-	265
Cash at bank and in hand	294	-	294
Payables	(235)	-	(235)
Deferred tax	(175)	-	(175)
	<hr/>	<hr/>	<hr/>
Total net assets	1,190	-	1,190
	<hr/>	<hr/>	<hr/>
Fair value of consideration			
Cash			(663)
Deferred consideration			(1,550)
Equity			(200)
			<hr/>
Goodwill (note 11)			1,223
			<hr/>

Since the acquisition, the trade has generated €431k of revenue and €71k of operating profit. If the acquisition had occurred on 1 January 2019, group revenue would have increased by €952k and the operating profit would have increased by €121k.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

22. Business combinations (continued)

For Business Srl

On 28 January 2019 the group purchased 100% of the share capital of For Business Srl for consideration with a fair value of €250k. The shares were acquired by MotorK Limited.

Details of the (restated) fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value €'000	Adjustment €'000	Restated fair value €'000
R&D intangible assets	4	-	4
Property, plant and equipment	22	-	22
Receivables	225	-	225
Cash at bank and in hand	94	-	94
Payables	(330)	-	(330)
	<hr/>	<hr/>	<hr/>
Total net assets	15	-	15
	<hr/>	<hr/>	<hr/>
Fair value of consideration			
Cash			(250)
			<hr/>
Goodwill (note 11)			235
			<hr/>

The acquisition represents an additional cost centre to the group and as such the acquisition has not resulted in any additional external trade.

23. Related party transactions

During the prior year a convertible loan totalling €3,000k was advanced by certain shareholders. This loan was converted into equity on 11 December 2019 as disclosed in note 19.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including all the directors of the company as listed on page 5.

Total compensation paid to key management personnel for services provided to the Group was €565k (2018: €565k).

**Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)**

24. Operating leases

At 31 December 2019 the group had future minimum lease payments and a non-cancellable operating lease as follows:

	2019 €'000	2018 €'000
Not later than one year	-	932
Later than one year and not later than 5 years	-	871
	-	1,803

25. Effects of changes in accounting policies

The Group adopted IFRS 16 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption and therefore the revised requirements are not reflected in the prior year financial statements and have been processed at their initial date of application at 1 January 2019.

IFRS 16 has replaced IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" and was effective 1 January 2019.

IFRS 16 provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, excluding leases with a term of less than twelve months or where the value of the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have any leases acting as a lessor.

Transition method

The Group adopted IFRS 16 using the modified retrospective approach, with the recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures.

At transition, for leases classified as operating leases under IAS 17 Leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured as an amount equal to the lease liability.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date; and
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application.

MotorK Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2019 (continued)

25. Effects of changes in accounting policies (continued)

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	As previously stated £'000	IFRS 16 impact £'000	1 January 2019 £'000
Right of use assets	-	1,965	1,965
Lease liabilities	-	(1,965)	(1,965)

The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 financial statements to the amount of lease liabilities recognised on 1 January 2019:

	£'000
Minimum operating lease commitments at 31 December 2018	1,803
Leases recognised under IFRS 16	218
Effect of discounting	(101)
	<hr/>
Lease liabilities for leases classified as operating type under IAS17	1,920
Plus: leases previously classified as finance type under IAS 17	126
	<hr/>
Lease liability as at 1 January 2019	2,046
	<hr/>

MotorK Limited

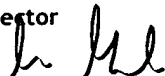
Company statement of financial position
As at 31 December 2019

Company Number: 09259000	Note	2019 €'000	2018 €'000
Assets			
Non-current assets			
Property , plant and equipment	5	55	-
Investments	6	11,474	7,224
Non-current assets - security deposits		57	-
		<u>11,586</u>	<u>7,224</u>
Current assets			
Trade and other receivables	7	19,934	9,480
Cash and cash equivalents		97	105
		<u>20,031</u>	<u>9,585</u>
Total assets		<u>31,617</u>	<u>16,809</u>
Liabilities			
Current liabilities			
Trade and other payables	8	24,153	15,720
Lease liabilities	9	56	-
		<u>24,209</u>	<u>15,720</u>
Non-current liabilities			
Other creditors	8	4,050	57
		<u>4,050</u>	<u>57</u>
Total liabilities		<u>28,259</u>	<u>15,777</u>
NET ASSETS		<u>3,358</u>	<u>1,032</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	11	273	261
Share premium reserve		12,166	8,978
Retained earnings		(9,081)	(8,207)
TOTAL EQUITY		<u>3,358</u>	<u>1,032</u>

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was €1,070k (2018: loss of €4,990k).

The financial statements were approved and authorised for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:

Marco Marlia
Director



The notes on pages 49 to 58 form part of these financial statements.

MotorK Limited

Company statement of changes in equity
For the year ended 31 December 2019

	Share capital €'000	Share premium €'000	Retained earnings €'000	Total €'000
1 January 2019	261	8,978	(8,207)	1,032
Comprehensive Income for the year				
Loss for year	-	-	(1,070)	(1,070)
Total comprehensive Income for the year	-	-	(1,070)	(1,070)
Contributions by and distributions to owners				
Issue of share capital	12	3,188	-	3,200
Share based payment	-	-	196	196
Total contributions by and distributions to owners	12	3,188	196	3,396
31 December 2019	273	12,166	(9,081)	3,358

Share capital represents the nominal value of share capital subscribed for.

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of share issues.

The notes on pages 49 to 58 form part of these financial statements.

MotorK Limited

Company statement of changes in equity
For the year ended 31 December 2019 (continued)

	Share capital €'000	Share premium €'000	Retained earnings €'000	Total €'000
1 January 2018	261	8,978	(3,561)	5,678
Comprehensive Income for the year				
Loss for year	-	-	(4,990)	(4,990)
Total comprehensive Income for the year	-	-	(4,990)	(4,990)
Contributions by and distributions to owners				
Issue of share capital	-	-	-	-
Share based payment	-	-	344	344
Total contributions by and distributions to owners	-	-	344	344
31 December 2018	261	8,978	(8,207)	1,032

The notes on pages 49 to 58 form part of these financial statements.

Notes forming part of the company financial statements
For the year ended 31 December 2019

1. Accounting policies

Basis of preparation of financial statements

The parent company financial statements of MotorK Limited (the "Company") have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework and as required by the Companies Act 2006.

The financial statements are prepared under the historical cost convention as modified for financial instruments that are measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by MotorK Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of MotorK Limited. These financial statements do not include certain disclosures in respect of:

- Business combinations;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see note 13. The following policies apply subsequent to the date of initial application, 1 January 2019.

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

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Leases (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

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

Defined contribution schemes

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

Financial instruments

Financial instruments are recognised in the statements of financial position when the company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the MotorK Limited has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The accounting policy for financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(ii) Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

(iii) Financial liabilities

All financial liabilities, with the exception of contingent consideration, are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Contingent consideration is recognised at fair value through profit and loss and the liability is remeasured at each statement of financial position date based on the latest available information.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(iv) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- a. The initial recognition of goodwill
- b. The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- c. Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Share based payments

The Company provides share-based payment arrangements to certain employees.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

2. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Judgements

- *Share based payments* - Determining the fair value of share-based payments at the balance sheet date represents a significant accounting estimate. There is inherent judgement in the key inputs into the valuation, such as the valuation of the company and the risk free rate applied.

Estimates and assumptions

- *Impairment of investments* - Estimate of future cash flows and recoverability of investment.

3. Staff costs

	2019 €'000	2018 €'000
Staff costs		
Wages and salaries	1,800	1,761
Social security costs	197	162
Pension	19	9
Share based payments	196	344
	<u>2,212</u>	<u>2,276</u>
	2019 No	2018 No
Average number of employees	<u>17</u>	<u>13</u>

MotorK Limited

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

4. Finance income and expense

	2019 €'000	2018 €'000
Finance income		
Bank interest	5	1
	<hr/>	<hr/>
Total finance income	5	1
	<hr/>	<hr/>

5. Property, plant and equipment

<i>Cost or valuation</i>	Right-of-use Assets €'000
At 1 January 2019	166
Additions	-
Acquisitions	-
Disposals	-
	<hr/>
At 31 December 2019	166
	<hr/>
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	111
Depreciation on disposals	-
Transfers	-
	<hr/>
At 31 December 2019	111
	<hr/>
Net book value	
	<hr/>
At 31 December 2019	55
	<hr/>

All right-of-use assets relate to land and buildings. For the year ended 31 December 2019 assets arising from leases where the company is a lessee have been accounted for under IFRS16 and shown under right of use assets within property, plant and equipment. See note 13 for further details of the transitional arrangements.

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

6. Investments

	2019 €'000	2018 €'000
Cost		
At 1 January	7,224	2,212
Additions	4,250	5,012
At 31 December	<u>11,474</u>	<u>7,224</u>
Impairment provisions		
At 1 January	-	-
Movement in year	-	-
At 31 December	<u>-</u>	<u>-</u>
Net book value	<u>11,474</u>	<u>7,224</u>

The investments in which MotorK Limited holds, directly or indirectly, 20% or more of the nominal value of any class of share capital at the year end are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at	
		2019	2018
MotorK Italia Srl	Italy	100%	100%
Punsset Asociados 21, SL	Spain	100%	100%
MotorK Spain Gestiones Comerciales	Spain	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%
MotorK France Sarl	France	100%	100%
DriveK Servizi Srl	Italy	100%	100%
For Business Srl	Italy	100%	-
3W Net Sarl	France	100%	-

The registered offices of the companies disclosed above is as follows:

MotorK Italia Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
Drive K Servizi Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
Punsset Asociados 21, SL	El Crucero 12-b - Cantabria - 39724 - Valdecilla, Santander
MotorK Spain Gestioness Comerciales	Calle Muntaner 305 Planta PR Puerta 2 - 08021 - Barcelona
Motork Deutschland GmbH	Destouchesstr. 68 - 80796 - Munchen
MotorK France Sarl	3 B Rue Taylor - 75010 - Paris
For Business Srl	Via Pergolesi, 6 - 20124 Milano
3W Net Sarl	38 bis Boulevard de l'Ouest - 93340 - Le Raincy

The principal activities of the subsidiaries are lead generation for car manufacturers, digital automotive services for car dealers and web platforms.

DriveK Servizi Srl is non-trading at year end. Punsset Asociados 21, SL was merged with MotorK Spain Gestiones Comerciales during the year and is now dormant.

MotorK Limited

Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)

7. Trade and other receivables

	2019 €'000	2018 €'000
Trade debtors	168	103
Amounts owed to group undertakings	19,457	9,093
Prepayments	278	155
Other receivables	31	129
	<hr/>	<hr/>
Total trade and other receivables	19,934	9,480
	<hr/>	<hr/>

8. Trade and other payables

Current		
	2019 €'000	2018 €'000
Other loans	-	3,000
Trade payables	241	164
Amounts owed to group undertakings	23,854	12,062
Other taxation and social security	8	72
Other payables	25	50
Accruals	25	372
	<hr/>	<hr/>
Total Trade and other payables	24,153	15,720
	<hr/>	<hr/>
Non-current		
Other loans	4,000	-
Other creditors	50	57
	<hr/>	<hr/>
Total Trade and other payables	4,050	57
	<hr/>	<hr/>

	2019 €'000	2018 €'000
The non-current other creditors are repayable as follows:		
1-2 years	4,050	57
2-5 years	-	-
	<hr/>	<hr/>
	4,050	57
	<hr/>	<hr/>

On 11 December 2019 €3,000k of other loans were converted equity as disclosed in note 11. The €4,000k other loan advanced in the year is convertible into shares capped at an aggregate nominal value of €10,341. This loan does not carry any interest and is not repayable and is convertible by the loan note holders at any time or within 18 months of the investment assuming an equity fund raise has been completed. If the loans have not been converted by this date the loan note holders can either extend the term or convert them into equity at that time.

**Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)**

9. Lease liabilities

IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. Note 13 includes an explanation of the effect of the change in accounting policy. Details of the new accounting policy are included within note 1.

The leases within the scope of IFRS 16 relate to property. All such leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets or leases with a duration of twelve months or less. The expense relating to short-term leases of twelve months or less was €nil. The Company held no low value asset leases.

Right-of-use assets are initially measured at the amount of lease liability reduced for any lease incentives received and increased for initial direct costs incurred and any provision contractually required. Right-of-use assets are amortised on a straight-line basis over the period of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Company's incremental external borrowing rate for the particular asset and level of security. The incremental borrowing rate is 5.0% in respect of the land and buildings. Subsequent to the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Company leases office buildings where payments are fixed until the contracts expire. There is no variability in respect of payments and there is not considered to be any significant judgement in relation to the lease terms.

	Land & buildings
	€'000
Lease liabilities	
As at 1 January 2019	166
Cash items:	
Lease payments	(114)
Non-cash items:	
Interest expense	4
	56
At 31 December 2019	56

The maturity profile of the lease liabilities is as follows:

	2019
Repayable as follows:	
Under 1 year	56
	56
	56

MotorK Limited

Notes forming part of the company financial statements For the year ended 31 December 2019 (continued)

10. Deferred Tax

The company has estimated trading losses totalling €8,702k (2018: €7,225k). A deferred tax asset totalling €1,479k (2018: €1,228k) has not been recognised on these losses due to the uncertainty as to when the losses will be utilised.

11. Share capital

	2019 €'000	2018 €'000
17,352,000 (2018: 17,300,000) Ordinary shares of €0.01	174	173
196,500 (2018: 196,500) Deferred shares of €0.01	2	2
2,779,100 (2018: 2,779,100) Preferred A-11 shares of €0.01	28	28
6,923,346 (2018: 5,802,000) Preferred A-2 shares of €0.01	69	58
	<hr/>	<hr/>
	273	261
	<hr/>	<hr/>

On 1 July the company issued 52,000 Ordinary shares for a consideration of €200k. The company issued these shares as part of the business combination to acquire 3W Net Sarl. Further details of this transaction are included in note 23 of the consolidated financial statements.

On 11 December 2019 the company issued 1,121,346 Preferred A-2 shares as a result of the conversion of €3.0m of other loans as noted in note 8.

The premium reserve amounts to €12,172k as of 31 December 2019 (€8,978k in 2018).

The company has the following classes of shares:

Ordinary shares - These shares give the holders the right to dividends after payment of any Preference dividends, as declared from time to time, and full voting rights. The Ordinary shares carry rights to the return of capital on sale or winding up after the Preference shareholders.

Deferred shares - These shares give the holders no right to dividends or voting rights. The Deferred shares carry rights to the return of capital on sale or winding up after the Preference and ordinary shareholders.

Preference A-1 and A-2 shares - These shares give the holders the right to dividends as declared from time to time (and rank ahead of the ordinary shares, and full voting rights. The Preference shares carry rights to the return of capital on sale or winding up ahead of the other classes of shares.

12. Related party transactions

During the prior year a convertible loan totalling €3,000k was advanced by certain shareholders. This loan was converted into equity on 11 December 2019 as disclosed in note 11.

**Notes forming part of the company financial statements
For the year ended 31 December 2019 (continued)**

13. Effects of changes in accounting policies

The Company adopted IFRS 16 with a transition date of 1 January 2019. The Company has chosen not to restate comparatives on adoption and therefore the revised requirements are not reflected in the prior year financial statements and have been processed at their initial date of application at 1 January 2019.

IFRS 16 has replaced IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" and was effective 1 January 2019.

IFRS 16 provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, excluding leases with a term of less than twelve months or where the value of the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have any leases acting as a lessor.

Transition method

The Company adopted IFRS 16 using the modified retrospective approach, with the recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures.

At transition, for leases classified as operating leases under IAS 17 Leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured as an amount equal to the lease liability.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date; and
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	As previously stated €'000	IFRS 16 impact €'000	1 January 2019 €'000
Right of use assets	-	166	166
Lease liabilities	-	(166)	(166)

The following table reconciles the minimum lease commitments disclosed in the Company's 31 December 2018 financial statements to the amount of lease liabilities recognised on 1 January 2019:

	£'000
Minimum operating lease at 31 December	171
Effect of discounting	(5)
	<hr/>
Lease liability as at 1 January 2019	166
	<hr/>