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Company Registration No. 07751649 (England and Wales)

FACE IT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TUESDAY

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COMPANIES HOUSE

FACE IT LIMITED

COMPANY INFORMATION

Directors	N Maisto M Attisani J Seghers J P Farr M Cheung
Secretary	L Greening
Company number	07751649
Registered office	Millbank Tower 25th Floor 21-24 Millbank London SW1P 4QP
Auditor	Mercer & Hole 21 Lombard Street London EC3V 9AH

FACE IT LIMITED

CONTENTS

FACE IT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Activities of the business
The principle activity of the Group during the period was and continues to be creating the best competitive gaming experiences on its esports platform and by organising global esports tournaments.

In 2020 FACEIT replaced their Counter-Strike: Global Offensive tournament known as Esports Championship Series (ECS) with a franchise-based league called Flashpoint.

Key performance indicators
The Group's key financial and other performance indicators during the year were as follows:

	2020	**2019**
	£000	£000
Total Revenue	23,655	12,349
Gross Margin %	59%	41%
Operating profit/(loss)	1,314	(4,513)
Registered Users growth %	33%	32%

*Registered users are defined as users that have created an account on our platform.

FACEIT had a transformational year growing its total revenues by 92% to £23,655k compared to 2019.

Both the esports platform and tournaments continued to grow in 2021. The platform growth has also benefited from the pandemic related lockdowns, which have seen increased gaming activities throughout the industry. The tournaments and events business hosted a number of new tournaments including the aforementioned Flashpoint League. Our registered users increased by 33% to 20.1M compared to the prior year.

The gross margin improvement reflects the shift of the services mix towards the higher margin platform revenues.

The Group delivered its first operating profit of £1,314k whilst continuing to hire for future growth reaching 85 headcount at the end of 2020.

The business continues to perform in line with the Director's expectations and we are confident that this will continue into 2021 and beyond.

FACE IT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties
The principal risks and uncertainties facing the group include the following:

Foreign Currency Risk
The Group has exposure to exchange rate fluctuations mainly in the US dollar. Whilst the Group does have a natural hedge in its receivables and payables this remains a risk.

Liquidity Risk
The directors closely monitor the working capital requirements of the Group. Short, mid and long-term business plans and cash flow forecasts are regularly prepared and updated and the Group undertakes regular dialogue with its investors and bankers. These measures help alert the directors to any future risks and ensure that there are sufficient funds available for operations.

Cyber risk
The business is subject to "cyber risk" including theft of customer and company information, as well as interruptions to trading. These risks are mitigated through continued risk management and supported by appropriate processes throughout the organisation.

Brexit
Although the UK has now left the EU the short and long-term implications remain unknown. The Group envisages there may be a risk of reduced talent mobility in terms of attracting talent to the UK from the EU. Current employees from other EU countries may also be faced with work authorisation issues depending on their circumstances and our HR team is reviewing current hires and future policies.

Coronavirus
COVID-19 is having a widespread impact across industries and the directors are regularly reviewing the situation to ensure that the business can understand risks, mitigate them and put together contingency plans for each of these risks. During 2020 the Group's esports platform business experienced enhanced activity due to COVID-19 related lockdowns. The tournaments division has adapted and switched the events from offline to digital online broadcasting. However, it is still hard to understand the long-term impact as there is a lot of uncertainty surrounding the economic recovery expectations.

On behalf of the board

DocuSigned by:
Nicolo Maisto
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N Maisto
Director

3/31/2021

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FACE IT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities
FACEIT is the leading competitive platform for online multiplayer games, allowing players to easily compete in tournaments and leagues for virtual and real-world prizes through automated tournament management and matchmaking technology.

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

N Maisto
M Attisani
J Seghers
J P Farr
M Cheung

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

No dividends were paid. The directors do not recommend payment of a final dividend.

Research and development
The group continues to invest in the development of its software platform to improve both functionality and player experience.

Auditor
In accordance with the company's articles, a resolution proposing that Mercer & Hole be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

DocuSigned by:
Niccolo Maisto
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3/31/2021

N Maisto
Director

....

FACE IT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

FACE IT LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FACE IT LIMITED

Opinion
We have audited the financial statements of Face It Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

FACE IT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FACE IT LIMITED

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches under General Data Protection Regulations, and we considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

FACE IT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FACE IT LIMITED

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

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries.

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

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

Use of our report

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

DocuSigned by:

Mercer&Hole

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Ross Lane (Senior Statutory Auditor)
For and on behalf of Mercer & Hole

3/31/2021

Chartered Accountants
Statutory Auditor

21 Lombard Street
London
EC3V 9AH

FACE IT LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	23,655,419	12,349,842
Cost of sales		(9,664,729)	(7,236,002)
Gross profit		13,990,690	5,113,840
Administrative expenses		(12,683,717)	(9,627,363)
Other operating income		2,110	-
Operating profit/(loss)	4	1,309,083	(4,513,523)
Interest receivable and similar income	8	57	-
Interest payable and similar expenses	9	(117,043)	(84,848)
Profit/(loss) before taxation		1,192,097	(4,598,371)
Tax on profit/(loss)	10	1,038,076	1,116,101
Profit/(loss) for the financial year	22	2,230,173	(3,482,270)
Other comprehensive income			
Currency translation differences		(5,978)	(6,129)
Total comprehensive income for the year		2,224,195	(3,488,399)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

FACE IT LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	11		5,588,563		3,919,862
Tangible assets	12		2,219,006		601,458
Investments	13		374,806		-
			8,182,375		4,521,320
Current assets					
Debtors	15	4,906,723		4,237,786	
Cash at bank and in hand		2,785,154		541,627	
		7,691,877		4,779,413	
Creditors: amounts falling due within one year	16	(10,832,884)		(7,691,263)	
Net current liabilities			(3,141,007)		(2,911,850)
Total assets less current liabilities			5,041,368		1,609,470
Creditors: amounts falling due after more than one year	17		(105,276)		(1,000,000)
Net assets			4,936,092		609,470
Capital and reserves					
Called up share capital	21		42,110		40,698
Share premium account	22		18,296,465		16,206,549
Profit and loss reserves	22		(13,402,483)		(15,637,777)
Equity attributable to owners of the parent company			4,936,092		609,470
Non-controlling interests			-		-
			4,936,092		609,470

The financial statements were approved by the board of directors and authorised for issue on 3/31/2021 and are signed on its behalf by:

DocuSigned by:
Nicolo Maisto
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N Maisto
Director

FACE IT LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		5,588,563		3,919,862
Tangible assets	12		108,328		121,724
Investments	13		105,947		105,947
			5,802,838		4,147,533
Current assets					
Debtors	15	6,688,778		3,992,394	
Cash at bank and in hand		1,496,134		308,791	
		8,184,912		4,301,185	
Creditors: amounts falling due within one year	16	(8,692,168)		(3,915,464)	
Net current (liabilities)/assets			(507,256)		385,721
Total assets less current liabilities			5,295,582		4,533,254
Creditors: amounts falling due after more than one year	17		-		(1,000,000)
Net assets			5,295,582		3,533,254
Capital and reserves					
Called up share capital	21		42,110		40,698
Share premium account	22		18,296,465		16,206,549
Profit and loss reserves	22		(13,042,993)		(12,713,993)
Total equity			5,295,582		3,533,254

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £340,099 (2019 - £3,010,096 loss).

3/31/2021

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

DocuSigned by:

Nicolo Maisto

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N Maisto

Director

Company Registration No. 07751649

FACE IT LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Share premium account	Equity reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2019		34,527	8,290,095	107,319	(12,262,090)	(3,830,149)
Year ended 31 December 2019:						
Loss for the year		-	-	-	(3,482,270)	(3,482,270)
Other comprehensive income:						
Currency translation differences		-	-	-	(6,129)	(6,129)
Total comprehensive income for the year		-	-	-	(3,488,399)	(3,488,399)
Issue of share capital	21	6,171	3,624,564	-	-	3,630,735
Conversion of loan to shares	21	-	4,291,890	(15,728)	-	4,276,162
Credit to equity for equity settled share-based payments	20	-	-	-	21,121	21,121
Recycle of equity reserve on conversion of loan notes to shares		-	-	(91,591)	91,591	-
Balance at 31 December 2019		40,698	16,206,549	-	(15,637,777)	609,470
Year ended 31 December 2020:						
Profit for the year		-	-	-	2,230,173	2,230,173
Other comprehensive income:						
Currency translation differences		-	-	-	(5,978)	(5,978)
Total comprehensive income for the year		-	-	-	2,224,195	2,224,195
Issue of share capital	21	1,412	2,089,916	-	-	2,091,328
Credit to equity for equity settled share-based payments	20	-	-	-	11,099	11,099
Balance at 31 December 2020		42,110	18,296,465	-	(13,402,483)	4,936,092

FACE IT LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Equity reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		34,527	8,290,095	107,319	(9,816,609)	(1,384,668)
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(3,010,096)	(3,010,096)
Issue of share capital	21	6,171	3,624,564	-	-	3,630,735
Conversion of loan to shares	21	-	4,291,890	(15,728)	-	4,276,162
Credit to equity for equity settled share-based payments	20	-	-	-	21,121	21,121
Recycle of equity reserve on conversion of loan notes to shares		-	-	(91,591)	91,591	-
Balance at 31 December 2019		40,698	16,206,549	-	(12,713,993)	3,533,254
Year ended 31 December 2020:						
Loss and total comprehensive income for the year		-	-	-	(340,099)	(340,099)
Issue of share capital	21	1,412	2,089,916	-	-	2,091,328
Credit to equity for equity settled share-based payments	20	-	-	-	11,099	11,099
Balance at 31 December 2020		42,110	18,296,465	-	(13,042,993)	5,295,582

FACE IT LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		4,078,383		(3,673,356)
Interest paid			(8,007)		(4,192)
Income taxes refunded			841,638		772,006
Net cash inflow/(outflow) from operating activities			4,912,014		(2,905,542)
Investing activities					
Purchase of intangible assets		(2,163,290)		(1,631,324)	
Purchase of tangible fixed assets		(2,213,748)		(433,192)	
Proceeds on disposal of tangible fixed assets		-		154	
Purchase of investments		(374,806)		-	
Interest received		57		-	
Net cash used in investing activities			(4,751,787)		(2,064,362)
Financing activities					
Proceeds from issue of shares		2,090,030		3,627,624	
Proceeds from borrowings		-		1,000,000	
Net cash generated from financing activities			2,090,030		4,627,624
Net increase/(decrease) in cash and cash equivalents			2,250,257		(342,280)
Cash and cash equivalents at beginning of year			541,627		888,632
Effect of foreign exchange rates			(6,730)		(4,725)
Cash and cash equivalents at end of year			2,785,154		541,627

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Face It Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Millbank Tower, 25th Floor, 21-24 Millbank, London, SW1P 4QP. Its company registration number is 07751649.

The group consists of Face It Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

The consolidated group financial statements consist of the financial statements of the parent company Face It Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group profit and loss account and statement of cash flows include the results and cash flows of Overlord Media Ltd, Esports Championship Series CS Limited and of Face It Inc. for both years.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

Notwithstanding the net current liabilities as at the year end of £3.1m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group has prepared detailed forecasts of its future working capital requirements, and has performed sensitivity analysis to assess different scenarios.

Having reviewed the forecasts and analysis and applied reasonably possible downside sensitivities, held discussions with investors and considered the strong fund-raising history of the group the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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1 Accounting policies **(Continued)**

Advertising and sponsorship
Revenue from advertising and sponsorship is recognised evenly over the campaign period to which it relates.

Media Rights
Revenue from media rights is recognised over the period the agreed audio and audio-visual content is contracted to be made available for use by the licensee. Revenue is recognised evenly over the term of the contract unless there are clearly identifiable stages within the contract that varies the content and/or service to be provided; in which case revenue is then recognised by reference to the content to be provided in each stage separately.

Subscriptions
Revenue from subscriptions for a period greater than 1 month are spread over the period of the subscription. Subscriptions for 1 month only are recognised in full in the month of subscription which reflects the non-refundable nature of the subscription as well as the fact there are minimal incremental costs associated with the delivery of a 1 month subscription.

Other revenue
Revenue from the provision of other services is recognised as those services are provided.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development costs	3 years straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Over the remaing life of the lease
Fixtures and fittings	3 years straight line
Computers	3 years straight line

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

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1 Accounting policies (Continued)

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash at bank and in hand

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

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies **(Continued)**

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies (Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

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

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The financial effect of awards by the parent company of options over its equity shares to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements. In particular the parent company records an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in the subsidiary undertakings.

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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1 Accounting policies **(Continued)**

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilties of the group's foreign operations are translated from their functional currency to sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Capitalisation and amortisation of development costs

A critical judgement in applying accounting policies that had a significant effect on the amounts recognised in the financial statements for the financial year was the capitalisation of development costs, particularly on the assessment of technical, commercial and financial feasibility for the purposes of asset capitalisation.

There are also assumptions and estimation uncertainties that could have a significant risk of resulting in material adjustments within the next financial years in relation to the recoverability of the development costs. The carrying amount of intangible assets representing a development of software is £5,588,563. The directors have been required to exercise judgment in determining the useful life of this intangible for its amortisation.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Measurement of share-based payments

Estimation and judgement is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's terms, the risk-free interest rate and the expected volatility of the market price of the shares in the Company.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Platform	12,090,258	8,221,619
Media & Events	11,453,277	4,111,143
Other	111,884	17,080
	23,655,419	12,349,842
Grants received	2,110	-

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	740,081	576,056
Europe	9,057,682	5,879,921
USA	12,861,026	3,179,410
Rest of World	996,630	2,714,455
	23,655,419	12,349,842

4 Operating profit/(loss)

	2020	2019
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	75,982	98,793
Research and development costs	705,708	1,081,236
Government grants	(2,110)	-
Depreciation of owned tangible fixed assets	598,250	392,989
Amortisation of intangible assets	494,589	526,921
Share-based payments	11,099	21,121
Operating lease charges	1,217,422	392,277

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	12,500	12,500
Audit of the financial statements of the company's subsidiaries	8,000	8,000
	20,500	20,500
For other services		
Taxation compliance services	6,285	6,000
All other non-audit services	13,636	10,230
	19,921	16,230

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Development	36	25	36	25
Product Development & Operations	34	34	23	23
Sales & Business Development	2	3	2	3
Management & Other	13	12	13	12
Total	85	74	74	63

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	5,508,912	4,407,959	4,299,174	3,503,214
Social security costs	591,468	461,297	484,592	396,072
Pension costs	72,048	54,948	62,086	45,778
	6,172,428	4,924,204	4,845,852	3,945,064

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	388,023	322,350

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	230,000	150,000

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	57	-

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on convertible loan notes	-	45,236
Other interest on financial liabilities	109,036	37,802
Other interest	8,007	1,810
Total finance costs	117,043	84,848

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	(1,101,077)	(904,639)
Adjustments in respect of prior periods	-	(211,664)
Total UK current tax	(1,101,077)	(1,116,303)
Foreign current tax on profits for the current period	63,001	202
Total current tax	(1,038,076)	(1,116,101)

On 11 March 2020, the 2020 budget announced that the reduction in corporation tax rate to 17% (effective from 1 April 2020) was being reversed and the corporation tax rate would remain at 19%. In March 2021, the 2021 budget announced an increase to 25% from April 2023 for taxable profits above £50,000.

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit/(loss) before taxation	1,192,097	(4,598,371)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	226,498	(873,690)
Tax effect of expenses that are not deductible in determining taxable profit	7,198	3,009
Tax effect of utilisation of tax losses not previously recognised	(337,313)	-
Unutilised tax losses carried forward	216,204	1,069,222
Depreciation on assets not qualifying for tax allowances	2,240	2,934
Research and development tax credit	(650,350)	(1,116,303)
Share based payment charge	1,703	3,523
Effect of overseas tax rates	23,069	(10,507)
Foreign exchange differences	-	205
Deferred tax on fixed assets not recognised	(527,325)	(194,494)
Taxation credit	(1,038,076)	(1,116,101)

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation **(Continued)**

The group has estimated tax losses available to be used against future profits of £11,366,000 (2019: £12,910,000).

11 Intangible fixed assets

Group and company	**Development costs**
	£
Cost	
At 1 January 2020	5,113,940
Additions - internally developed	2,163,290
At 31 December 2020	7,277,230
Amortisation and impairment	
At 1 January 2020	1,194,078
Amortisation charged for the year	494,589
At 31 December 2020	1,688,667
Carrying amount	
At 31 December 2020	5,588,563
At 31 December 2019	3,919,862

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2020	255,909	770,384	656,246	1,682,539
Additions	433,380	1,704,309	76,059	2,213,748
Exchange adjustments	640	(488)	(712)	(560)
At 31 December 2020	689,929	2,474,205	731,593	3,895,727
Depreciation and impairment				
At 1 January 2020	196,737	560,376	323,968	1,081,081
Depreciation charged in the year	35,044	398,844	164,362	598,250
Exchange adjustments	(1,568)	(423)	(619)	(2,610)
At 31 December 2020	230,213	958,797	487,711	1,676,721
Carrying amount				
At 31 December 2020	459,716	1,515,408	243,882	2,219,006
At 31 December 2019	59,172	210,009	332,277	601,458

Company	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2020	153,527	119,268	268,484	541,279
Additions	700	279	68,888	69,867
At 31 December 2020	154,227	119,547	337,372	611,146
Depreciation and impairment				
At 1 January 2020	121,914	105,634	192,007	419,555
Depreciation charged in the year	15,170	8,909	59,184	83,263
At 31 December 2020	137,084	114,543	251,191	502,818
Carrying amount				
At 31 December 2020	17,143	5,004	86,181	108,328
At 31 December 2019	31,613	13,634	76,477	121,724

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

		Group		Company	
		2020	2019	2020	2019
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	105,947	105,947
Unlisted investments		374,806	-	-	-
		374,806	-	105,947	105,947

Movements in fixed asset investments
Group

	Investments other than loans
	£
Cost or valuation	
At 1 January 2020	-
Additions	374,806
At 31 December 2020	374,806
Carrying amount	
At 31 December 2020	374,806
At 31 December 2019	-

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2020 and 31 December 2020	105,947
Carrying amount	
At 31 December 2020	105,947
At 31 December 2019	105,947

14 Subsidiaries

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

14 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
Esports Championship Series CS Ltd	Millbank Tower, 25th Floor, 21-24 Millbank, London, SW1P 4QP	A Ordinary	-	88.50
Face It, Inc.	160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent, Delaware, USA	Common Stock	100.00	-
Overlord Media Ltd	Millbank Tower, 25th Floor, 21-24 Millbank, London, SW1P 4QP	Ordinary	100.00	-

15 Debtors

	Group 2020	2019	Company 2020	2019
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	2,215,347	2,687,672	1,903,882	407,970
Corporation tax recoverable	1,101,077	904,639	1,101,077	904,639
Amounts owed by group undertakings	(11,500)	-	2,899,667	2,222,910
Other debtors	450,377	201,167	365,133	97,398
Prepayments and accrued income	1,151,422	444,308	419,019	359,477
	4,906,723	4,237,786	6,688,778	3,992,394

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Other borrowings	18	1,000,000	-	1,000,000	-
Trade creditors		1,676,995	923,941	654,697	550,374
Amounts due to group undertakings		(6,500)	-	3,799,007	626,243
Other taxation and social security		496,047	292,440	440,264	263,485
Deferred income		3,865,803	4,132,883	1,197,864	1,349,047
Other creditors		1,373,221	1,379,540	907,645	798,496
Accruals		2,427,318	962,459	692,691	327,819
		10,832,884	7,691,263	8,692,168	3,915,464

17 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Other borrowings	18	-	1,000,000	-	1,000,000
Other creditors		105,276	-	-	-
		105,276	1,000,000	-	1,000,000

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

18 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other loans	1,000,000	1,000,000	1,000,000	1,000,000
Payable within one year	1,000,000	-	1,000,000	-
Payable after one year	-	1,000,000	-	1,000,000

The long-term loans are secured by fixed and floating charges over all the assets of the company.

The long term loans are repayable 18 months after they are drawn down with interest accruing at market rate to be paid along with the capital in full at the end of the loan period.

19 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	72,048	54,948

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share-based payment transactions

Certain employees of the company along with other group employees have been granted options over the shares in Face It Ltd. The options are granted with a fixed exercise price, have graded vesting with a 1 year cliff and expire 10 years after the date of grant. Employees are required to remain in employment with the group.

FACE IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Share-based payment transactions **(Continued)**

Group and company	**Number of share options**		**Weighted average exercise price**	
	2020	**2019**	**2020**	**2019**
	Number	**Number**	**£**	**£**
Outstanding at 1 January 2020	206,566	270,088	2.14	2.94
Granted	16,130	34,657	3.96	4.24
Forfeited	(6,902)	(19,388)	2.56	3.35
Exercised	(11,363)	(78,791)	3.08	0.84
Outstanding at 31 December 2020	204,431	206,566	2.31	2.14
Exercisable at 31 December 2020	176,170	174,040	1.41	1.88

The weighted average share price at the date of exercise for share options exercised during the year was £3.08 (2019 - £0.84).

The options outstanding at 31 December 2020 had an exercise price ranging from £0.01 to £4.24 and a remaining contractual life of between 1 and 5 years.

Group and company
The fair value of equity-settled share options granted is estimated at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Expenses recognised in the year				
Arising from equity settled share based payment transactions	11,099	21,121	11,099	21,121

21 Share capital

	Group and company	
	2020	**2019**
Ordinary share capital	**£**	**£**
Issued and fully paid		
2,183,226 Ordinary shares of 1p each	21,832	21,832
87,967 B Ordinary shares of 1p each	994	880
	22,826	22,712

21 Share capital **(Continued)**

Preference share capital		
Issued and fully paid		
275,580 Preference of 1p each	2,756	2,756
984,730 Series A preferred of 1p each	9,847	9,847
538,285 Series B preferred of 1p each	6,681	5,383
	19,284	17,986
Preference shares classified as equity	19,284	17,986
Total equity share capital	42,110	40,698

All share classes other than the B Ordinary shares are entitled to participate in dividends, any dividend would be distributed pari passu to these shareholders as if these shares were all one class.

On a distribution of assets on a liquidation or return of capital the surplus asses of the company shall be applied as follows:

- First, in paying to each Series B Preferred Shareholder an amount per Series B Preferred Share equal to the Issue Price of that share
- Second, in paying to each Series B Preferred Shareholder an amount per Series A Preferred Share equal to the Issue Price of that share
- Third if requested in writing by any holder of Preference Shares, in paying to each such Shareholder an amount per Preference Share held by them equal to the Issue Price of that share
- The balance of the surplus assets shall be distributed among the holders of Ordinary Shares, the holders of B Ordinary shares and any holder of Preference Shares who have not made an election above as if these constituted once class of share.

All share classes other than the B Ordinary shares are entitled to attend, speak and vote at any general meeting.

All shares are non-redeemable.

During the year 11,363 B Ordinary shares were issued at £3.10 per share and 129,834 Series B Preferred shares were issued at £17.14 per share.

22 Reserves

Share premium
Share premium accounts includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Equity reserve
The equity reserve represents the cumulative equity elements of convertible loan notes currently in issue.

Non-controlling interest
No amount has been attributed to the non-controlling interest this year as they are not required to make good their share of any losses arising.

22 Reserves **(Continued)**

Profit and loss reserves
Profit and loss reserves represents accumulated comprehensive deficit for the year and prior periods less dividends paid.

23 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	747,099	349,840	99,179	162,333
Between two and five years	674,716	276,222	-	199,247
	1,421,815	626,062	99,179	361,580

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Acquisition of tangible fixed assets	405,422	-	-	-

25 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	684,283	883,839

Transactions with related parties
During the year the group entered into the following transactions with related parties:

25 Related party transactions (Continued)

	Services provided 2020	Services provided 2019
	£	£
Group		
Key management personnel	252,855	280,396
Company		
Key management personnel	252,855	280,396

26 Cash generated from/(absorbed by) group operations

	2020	2019
	£	£
Profit/(loss) for the year after tax	2,230,173	(3,482,270)
Adjustments for:		
Taxation credited	(1,038,076)	(1,116,101)
Finance costs	117,043	84,848
Investment income	(57)	-
Amortisation and impairment of intangible assets	494,589	526,921
Depreciation and impairment of tangible fixed assets	598,250	392,989
Equity settled share based payment expense	11,099	21,121
Movements in working capital:		
Increase in debtors	(472,499)	(2,443,803)
Increase/(decrease) in creditors	2,404,941	(1,126,269)
(Decrease)/increase in deferred income	(267,080)	3,469,208
Cash generated from/(absorbed by) operations	4,078,383	(3,673,356)

27 Analysis of changes in net funds/(debt) - group

	1 January 2020	Cash flows	Exchange rate movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	541,627	2,250,257	(6,730)	2,785,154
Borrowings excluding overdrafts	(1,000,000)	-	-	(1,000,000)
	(458,373)	2,250,257	(6,730)	1,785,154