

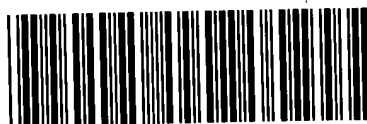
Company Registration No. 03208792 (England and Wales)

ITIM Limited

Report and Financial Statements

For the year ended 31 December 2016

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ITIM Limited

Report and financial statements 2016

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ITIM Limited

Report and financial statements 2016

Officers and professional advisers

Directors

M A Athar
R N Frosell
I D Hayes

Secretary

I D Hayes

Auditors

RPG Crouch Chapman LLP
62 Wilson Street
London
EC2A 2BU

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Registered Office

2nd Floor
Atlas House
173 Victoria St
London
SW1E 5NA

ITIM Limited

Strategic report

The principal activity of the company is the development and sale of retail software.

Review of the business and future developments

At an operational level 2016 started to deliver on the promise of itim with the business performing as expected within the group structure. In addition, the board decided to sell a non-core asset of the business which enabled itim to reduce its debt profile by £2.2m.

In the UK we launched Chameleon II which provides the first full integrated e-commerce, POS and mobile sales platforms for the retail industry delivered on a single platform providing a single view of the customer, product and real-time stock. With full order routing and order management capability it means retailers never need lose a sale. With built-in CRM capabilities and extensive support for marketing through loyalty, gift cards, and vouchers, online an off line, Chameleon II should help retailers bring footfall back into stores and increase sales.

We hope to start to increase market share again in the UK with our Retail Suite, Chameleon II, Didos and Profimetrics platforms. 2017 will be a stunning year with our current order backlog, which along with our sales pipeline seems to suggest that success will continue into 2018 & 2019.

With our four platforms, we have a very exciting set of products for the retail industry which are well established, mature with a critical mass of references for Itim to be a credible player in the retail technology sector.

The Board have considered the inclusion of key performance indicators within the business review but believe that the inclusion of such would not give the user of these financial statements a better understanding of the development, performance or position of the business of the company.

Research and development

Research and development focused on 4 areas in 2016:

1. Invoice Hub – Extending DIDOS to create a web based collaborative trade ledger
2. Chameleon II – Creating a clienteling platform for multi-channel retailers
3. Stock Optimisation – Creating Artificial Intelligence in retail
4. VIP Application – Focussing on the needs of regular customers

Principle risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

ITIM Limited

Strategic report (continued)

Price risk

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Approved by the Board of Directors
and signed on behalf of the Board



I D Hayes

Director

28 March 2017

ITIM Limited

Directors' report

The directors' present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the development and sale of retail software.

Business review and future developments

The review of the year's operations, trading outlook and future developments is contained in the Strategic report on pages 2 to 3.

Results and dividends

The profit for the year, after taxation, amounted to £190,411 (2015: loss of £1,230,055). The directors do not recommend the payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2016:

M A Athar
R N Frosell
I D Hayes

Auditors

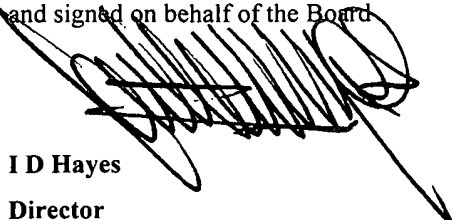
In accordance with the company's articles, a resolution proposing that RPG Crouch Chapman LLP be reappointed as auditors of the company will be put at a General Meeting.

Disclosure of information to the auditors

So far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they 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 company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



I D Hayes
Director

26 March 2017

ITIM Limited

Statement of directors' responsibilities

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

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

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

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

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



I D Hayes

Director

28 March 2017

ITIM Limited

Independent Auditors' Report to the Members of ITIM Limited

We have audited the financial statements of ITIM Limited for the year ended 31 December 2016 set out on pages 8 to 24, which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ITIM Limited

Independent Auditors' Report to the Members of ITIM Limited (continued)

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 of the information and explanations we require for our audit

RPG Crouch Chapman LLP

Paul Randall ACA (Senior Statutory Auditor)

For and on behalf of RPG Crouch Chapman LLP

Chartered Accountants

Statutory Auditor

28 March 2017

62 Wilson Street
London
EC2A 2BU

ITIM Limited

Statement of comprehensive income Year ended 31 December 2016

	Note	2016 £	2015 £
Revenue	4	6,008,851	6,312,362
Cost of sales		(4,758,141)	(5,046,839)
Gross profit		1,250,710	1,265,523
Administrative expenses		(2,180,176)	(1,799,081)
Adjusted EBITDA		(929,466)	(533,558)
Amortisation of intangible assets		(1,107,036)	(1,051,353)
Depreciation		(20,343)	(24,225)
Loss from operations		(2,056,845)	(1,609,136)
Profit on disposal of subsidiary undertaking	5	2,000,000	-
Finance income		21	17
Finance costs		(89)	-
Loss on ordinary activities before taxation	6	(56,913)	(1,609,119)
Taxation	9	247,324	379,064
Profit/(loss) for the year		190,411	(1,230,055)

There are no recognised gains and losses other than the losses above in the current and previous year. All results relate to continuing activities.

ITIM Limited

Statement of changes in equity Year ended 31 December 2016

	Share capital £	Share premium £	Retained Losses £	Total £
At 1 January 2015	1,535,733	11,568,473	(15,542,448)	(2,438,242)
Total comprehensive income for the year	-	-	(1,230,055)	(1,230,055)
At 1 January 2016	1,535,733	11,568,473	(16,772,503)	(3,668,297)
Total comprehensive income for the year	-	-	190,411	190,411
At 31 December 2016	1,535,733	11,568,473	(16,582,092)	(3,477,886)

Statement of financial position
As at 31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Intangible assets	10	3,422,648	4,163,498
Plant and equipment	11	27,931	35,157
Investments	12	60,990	48,971
		<u>3,511,569</u>	<u>4,247,626</u>
Current assets			
Trade and other receivables	13	1,073,421	1,318,435
Cash and cash equivalents		290,145	465,430
		<u>1,363,566</u>	<u>1,783,865</u>
Total assets		<u>4,875,135</u>	<u>6,031,491</u>
Current liabilities			
Trade and other payables	14	(621,446)	(1,380,607)
Non-current liabilities			
Trade and other payables	15	(6,179,276)	(6,813,781)
Total liabilities		<u>(6,800,722)</u>	<u>(8,194,388)</u>
		<u>(1,925,587)</u>	<u>(2,162,897)</u>
Accruals and deferred income	16	1,552,299	1,505,400
Capital and reserves			
Called up share capital		1,535,733	1,535,733
Share premium account		11,568,473	11,568,473
Retained losses		<u>(16,582,092)</u>	<u>(16,772,503)</u>
Shareholders' deficit		<u>(3,477,886)</u>	<u>(3,668,297)</u>
		<u>(1,925,587)</u>	<u>(2,162,897)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 28 March 2017.

Signed on behalf of the Board of Directors

I D Hayes
 Director

ITIM Limited

Cash flow statement Year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit/(loss) after taxation		190,411	(1,230,055)
Adjustments for:			
Taxation	9	(247,324)	(379,064)
Finance income		(21)	(17)
Amortisation and depreciation	10/11	1,127,379	1,075,578
Disposal of fixed assets		5,133	-
Profit on disposal of subsidiary undertaking	6	(2,000,000)	-
Cash flows from operations before changes in working Capital		(924,422)	(533,558)
Movement in trade and other receivables		178,249	(17,106)
Movement in trade and other payables		653,233	681,920
Cash generated from operations		(92,940)	131,256
Corporation tax refund		314,089	239,210
Net cash flows from operating activities		221,149	370,466
Cash flows from investing activities			
Capital expenditure on intangible assets	10	(366,186)	(389,775)
Purchase of plant and equipment	11	(18,250)	(26,066)
Purchase of investments	12	(12,019)	-
Interest received		21	17
Receipt from disposal of subsidiary undertaking		2,000,000	-
Net cash flows from investing activities		1,603,566	(415,824)
Cash flows from financing activities			
Repayment of loans		(2,000,000)	-
Net cash flows from financing activities		(2,000,000)	-
Net decrease in cash and cash equivalents		(175,285)	(45,358)
Cash and cash equivalents at beginning of year		465,430	510,788
Cash and cash equivalents at end of year		290,145	465,430

ITIM Limited

Notes to the accounts Year ended 31 December 2016

1. Corporate information

The financial statements of ITIM Limited and its subsidiaries (the Company) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 28 March 2017. ITIM Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 03208792). The Company is domiciled in the United Kingdom and its registered address is 2nd Floor, Atlas House, 173 Victoria Street, London SW1E 5NH.

The Company's principal activity is the development and sale of retail software.

2. Basis of preparation

The consolidated financial statements of the company are prepared under IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements for the year ended 31 December 2015 are the first the Company has prepared in accordance with IFRS. Refer to Note 4 for information on how the Company adopted IFRS.

The financial statements have been prepared on the going concern basis.

3. Summary of significant accounting policies

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of ITIM Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Revenue recognition

Revenue was recognised to the extent that it was probable that the economic benefits would flow to the Company and the revenue could be reliably measured.

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the year by the Company. Revenue is derived from the Company's principal activity and excludes VAT.

The Company derives revenue from four sources; licences, maintenance, subscriptions and services.

Licence revenue is recognised over the course of the project delivered and provided that:

- Persuasive evidence of an arrangement with the customer exists
- The revenue concerned is fixed or determinable
- It is probable that the invoice will be paid by the customer

Maintenance revenue is deferred and recognised in the profit and loss account in equal instalments over the life of the arrangement.

Subscription revenue is recognised over the life of the subscription service.

Services revenue is recognised when the service has been delivered to the customer.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

3. Accounting policies (continued)

Intangible fixed assets - Goodwill

Goodwill is not amortised but tested for impairment annually and whenever impairment indicators require. In most cases the Company identified its cash generating units as one level below that of an operating segment. Cash flows at this level are substantially independent from other cash flows and this is the lowest level at which goodwill is monitored. A goodwill impairment loss is recognised in the Statement of income whenever and to the extent that the carrying amount of a cash-generating unit exceeds the unit's recoverable amount, which is the greater of value in use and fair value less cost to sell.

Negative goodwill relating to intangible fixed assets requires immediate recognition in the Statement of income.

In calculating goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent consideration is re-assessed annually. The difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the profit and loss account and credited to the liability over the period in which the consideration is deferred. The discount used approximates to market rates.

Intangible fixed assets - Research and development expenditure

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is considered to be seven years. Provisions are made for any impairment.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Tangible fixed assets and depreciation

All tangible fixed assets are initially recorded at cost.

Depreciation of tangible fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Computer equipment	-	straight line over 3 years
Office equipment	-	straight line over 3 years
Fixtures and fittings	-	straight line over 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

3. Accounting policies (continued)

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Trade and other receivables

Trade receivables, which are generally received by the end of month following terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Trade and other payables

Trade and other payables are recognised at original cost.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases and the rental charges are charged in the Statement of income on a straight line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled based on the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

3. Accounting policies (continued)

Income taxes (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Finance costs

Finance costs comprise interest payable on bank overdrafts and loans from directors and third parties and are recognised on an accruals basis.

Pension contributions

The company operates a defined contribution scheme for its employees. Contributions are charged to the profit and loss account in the year they are payable. The assets of the scheme are held separately from those of the company.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Use of assumptions and estimates

The Company makes judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. 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 if the revision effects only that period, or in the period of revision and future periods if the revision effects both current and future periods. The estimates and assumption that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods and the estimates in relation to future cash flows and discount rates utilised in the impairment testing of intangible and tangible fixed assets.

Change in accounting policies

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the company.

The following new standards, amendments to standards and interpretations will be mandatory for the first time in future financial years.

IFRS 9, "Financial Instruments" ("IFRS 9") (IASB effective date 1 January 2018).

IFRS 16, "Leases" ("IFRS 16") (IASB effective date 1 January 2019).

IAS 7, "Statement of Cash Flows" ("IAS 7") (IASB effective date 1 January 2017).

IAS 12, "Income Taxes" ("IAS 12") (IASB effective date 1 January 2017).

IFRS 12 "Disclosure of interests in Other Entities" (IASB effective date 1 January 2017).

IFRS 15, "Revenues from Contracts with Customers" ("IFRS 15") (IASB effective date 1 January 2018).

IFRS 2, "Share-based Payment" ("IFRS 2") (IASB effective date 1 January 2018).

IAS 28 "Investments in Associates and Joint Ventures" (IASB effective date 1 January 2018).

The revised standards will be adopted when effective in the company's financial statements, although are not expected to have a significant impact on the company.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

4. Segmental analysis – Geographical analysis

The analysis of the company's turnover by geographical area is set out below:

	2016 £	2015 £
United Kingdom	5,431,803	5,753,514
Europe	479,154	262,856
Rest of World	97,894	295,992
	<u>6,008,851</u>	<u>6,312,362</u>

5. Exceptional

	2016 £	2015 £
Profit on disposal of subsidiary undertaking	<u>2,000,000</u>	<u>-</u>

This represents the consideration from the sale of EDI Plus Limited, a subsidiary undertaking that was sold to Lighthouse Technology Limited, to enable the group to reduce its debt profile. The profit on disposal of £1,808,784, as reflected in the Itim Group accounts, represents the consideration of £2,000,000 less the fair value of the assets disposed of.

6. Loss on operating activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	20,343	24,225
- owned		
Amortisation of capitalised research and development	1,107,036	1,051,353
Operating lease rentals		
- plant and machinery	62,860	78,582
- other	204,043	173,256
Auditors' remuneration		
- Amounts paid to the auditors of the company for the audit of the company's accounts	<u>16,000</u>	<u>16,000</u>

Fees payable to the auditors' and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

7. Employee information

Employment costs

	2016 £	2015 £
Wages and salaries	2,967,131	2,878,165
Social security costs	332,260	321,379
Other pension costs	207,299	148,233
Other benefits	35,604	67,421
	<u>3,542,294</u>	<u>3,415,198</u>

The average monthly number of employees (including directors) during the year was as follows:

	2016 No.	2015 No.
Selling and administration	15	17
Technical	49	48
	<u>64</u>	<u>65</u>

8. Directors' emoluments

	2016 £	2015 £
Aggregate emoluments	280,830	204,140
Pension contributions (money purchase schemes)	24,925	24,925
	<u>305,755</u>	<u>229,065</u>

Directors' emoluments disclosed above include the following payments to the highest director:

	2016 £	2015 £
Aggregate emoluments	152,261	79,534
Pension contributions (money purchase schemes)	7,500	7,500
	<u>159,761</u>	<u>87,034</u>

	2016 No.	2015 No.
Number of directors to whom relevant benefits are accruing under:		
Money purchase schemes	<u>3</u>	<u>3</u>

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

9. Taxation

The tax credit is made up as follows:

	2016 £	2015 £
Current corporation tax credit	(250,000)	(318,872)
Adjustment in respect of prior years	2,676	(60,192)
Total tax credit for the year	<u>(247,324)</u>	<u>(379,064)</u>

b) Factors affecting tax for the year:

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation of tax in the UK of 20% (2015: 20%). The differences are reconciled below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(56,913)</u>	<u>(1,609,119)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	(11,383)	(321,823)
Effects of:		
Expenses not deductible for tax purposes	192,705	210,917
Exempt disposal of subsidiary	(400,000)	-
Capital allowances in excess of depreciation	(2,806)	(4,289)
Tax losses utilised as part of research and development tax credit	(250,000)	(318,872)
Other losses surrendered	123,199	-
Losses surrendered to group companies	98,285	115,195
Adjustments in respect of earlier years	2,676	(60,192)
Current tax credit for the year	<u>(247,324)</u>	<u>(379,064)</u>

(c) Deferred taxation

No deferred tax has been provided for as there are tax adjusted losses to carry forward of approximately £8.6 million (2015: £8.6 million) which, after other timing differences of £45k (2015: £54k) arising as a result of fixed asset timing differences, results in a deferred tax asset of approximately £1.73 million (2015: £1.73 million), which has not been recognised. The timing and extent of future reversal cannot be ascertained at this point.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

10. Intangible assets

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2016	7,749,240	2,413,280	10,162,520
Additions	366,186	-	366,186
At 31 December 2016	8,115,426	2,413,280	10,528,706
Amortisation			
At 1 January 2016	5,049,461	949,561	5,999,022
Charge for the year	1,107,036	-	1,107,036
At 31 December 2016	6,156,497	949,561	7,106,058
Net book value			
At 31 December 2016	1,958,929	1,463,719	3,422,648
At 31 December 2015	2,699,779	1,463,719	4,163,498

11. Plant and equipment

	Computer software £	Office equipment £	Total £
Cost			
At 1 January 2016	172,624	685,329	857,953
Additions	-	18,250	18,250
Disposals	(10,429)	(180,909)	(191,338)
At 31 December 2016	162,195	522,670	684,865
Depreciation			
At 1 January 2016	172,624	650,172	822,796
Charge for the year	-	20,343	20,343
Eliminated on disposal	(10,429)	(175,776)	(186,205)
At 31 December 2016	162,195	494,739	656,934
Net book value			
At 31 December 2016	-	27,931	27,931
At 31 December 2015	-	35,157	35,157

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

12. Investments

	Group undertakings £	Other investments £	Total £
Cost			
At 1 January 2016	48,971	-	48,971
Additions	1	12,019	12,020
Disposals	(1)	-	(1)
At 31 December 2016	48,971	12,019	60,990
Provision for impairment			
At 1 January 2016 and 31 December 2016	-	-	-
Net book value			
At 31 December 2016	48,971	12,019	60,990
At 31 December 2015	48,971	-	48,971

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

<i>Subsidiary Undertakings</i>	<i>Country of incorporation</i>	<i>Percentage Holding</i>	<i>Class of share</i>	<i>Principal activity</i>
Aim Commercial Systems Limited	England and Wales	100%	Ordinary	Dormant

Consolidated accounts are not prepared for ITIM Limited because it is a subsidiary undertaking of ITIM Group Limited and the results and position of ITIM Limited and Aim Commercial Systems Limited are included within the consolidated accounts of that company. The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as below:

	Capital and reserves £	Profit for the year £
Aim Commercial Systems Limited	48,971	-

13. Trade and other receivables

	2016 £	2015 £
Trade receivables	532,328	650,030
Corporation tax	252,107	318,872
Prepayments and accrued income	182,939	331,529
Other receivables	106,047	18,004
	1,073,421	1,318,435

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

14. Trade and other payables

	2016 £	2015 £
Trade payables	261,300	361,084
Amounts owed to group undertakings	-	670,904
Other taxation and social security	311,519	325,066
Other payables	48,627	23,553
	<u>621,446</u>	<u>1,380,607</u>

15. Non-current trade and other payables

	2016 £	2015 £
Shares classed as financial liabilities	508,250	508,250
Amounts owed to group undertakings	5,671,026	6,305,531
	<u>6,179,276</u>	<u>6,813,781</u>

16. Accruals and deferred income

	2016 £	2015 £
Accruals	79,473	74,438
Deferred income	1,472,826	1,430,962
	<u>1,552,299</u>	<u>1,505,400</u>

17. Financial instruments

The Company's financial instruments comprise cash and various items, such as loans and borrowings, trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operation.

Fair values of financial instruments

For the following financial assets and liabilities: trade and other payables, trade and other receivables and cash at bank and in hand, the carrying amount approximates the fair value of the instrument due to the short-term nature of the instrument.

The Company's activities expose the Company to a number of risks including capital management risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

It is the Company's policy that no trading in financial instruments should be undertaken.

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

17. Financial instruments (continued)

Capital management risk

The Company's main objective when managing capital is to protect returns to shareholders by ensuring the Company will continue to trade in the foreseeable future. The Company also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. The Company in particular reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. Consistent with others in the industry, the Company reviews the gearing ratio to monitor the capital. This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings). This gearing ratio will be considered in the wider macroeconomic environment. With the current restraints on availability of finance and economic pressures the Company has lowered its gearing ratio expectations and has continued to reduce its debt in the year to 31 December 2015.

Foreign exchange risk

The Company operates principally in the United Kingdom and as such the majority of the Company and Company's financial assets and liabilities are denominated in sterling, and there is no material exposure to exchange risks.

18. Share capital

	2016 £	2015 £
Authorised:		
229,643,595 Ordinary shares of £0.01 each	2,296,436	2,296,436
156,902,883 'A' Ordinary shares of £0.01 each	1,569,029	1,569,029
50,825,022 Deferred shares of £0.01 each	508,250	508,250
	<u>4,373,715</u>	<u>4,373,715</u>
Allotted, called up and fully paid:		
21,368,402 Ordinary shares of £0.01 each	213,684	213,684
132,204,854 'A' Ordinary shares of £0.01 each	1,322,049	1,322,049
50,825,022 Deferred shares of £0.01 each	508,250	508,250
	<u>2,043,983</u>	<u>2,043,983</u>
Equity shares		
21,368,402 Ordinary shares of £0.01 each	213,684	213,684
132,204,854 'A' Ordinary shares of £0.01 each	1,322,049	1,322,049
	<u>1,535,733</u>	<u>1,535,733</u>
Shares classed as financial liabilities		
50,825,022 Deferred shares of £0.01 each	<u>508,250</u>	<u>508,250</u>

ITIM Limited

Notes to the accounts (continued) Year ended 31 December 2016

18. Share capital (continued)

A summary of the rights of the different classes of share is given below:

Dividends

The company may pay dividends set out below (which are expressed net of tax) in the following order of priority:

'A' ordinary shares participating dividend as a class which is dependent upon the percentage of 'A' ordinary shares in issue and the total number of equity shares in issue. The dividends are cumulative from 1 January 2005.

Ordinary shares dividend are the amount per share approved by the members in general meeting not exceeding the amount of the participating dividend per share paid on the 'A' ordinary shares for the last complete financial year.

Deferred ordinary shares have no right to dividends.

Capital repayment

If the company's share capital is reduced or the company is liquidated, the capital available for payment to shareholders will be paid on each share in the following order:

'A' ordinary shares – the subscription price (with aggregate payments rounded to the nearest penny);

Ordinary shares – 13.786 pence per share (with aggregate payments rounded to the nearest penny);

'A' ordinary and ordinary shares – the surplus (as though the shares were the same class);

Deferred shares – repayment only if the 'A' shareholders have been paid £1,000 per share.

If any share has dividend arrears/accruals these must be cleared prior to the return of capital or an equivalent sum added to the amount of capital returned.

Voting

Ordinary shares and 'A' ordinary shares have one vote each. The deferred shares have no voting rights.

19. Financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Due within one year	140,597	8,021	173,256	63,757
Due between two and five years	129,030	-	276,346	12,701

20. Pension commitments

The company makes contributions to individual pension schemes (money purchase). The amount paid during the year was £207,299 (2015: £148,233).

ITIM Limited

Notes to the accounts (continued) **Year ended 31 December 2016**

21. Contingent liabilities

The company is party to a cross guarantee for amounts payable to R M Frosell of £500,000 (2015: £500,000) by the Group.

The company is party to a cross guarantee for amounts payable to Lighthouse Technology Limited of £nil (2015: £1,474,114) by the Group.

ITIM Group Limited and its subsidiaries undertakings have given cross guarantees and granted rights to set-off in respect of group undertaking overdrafts and loans.

22. Related party transactions

The company is exempt from disclosing transactions with certain related parties as, under IAS 24, the Company is a wholly owned subsidiary of a company that produces publicly available consolidated financial statements.

As described in note 5, during the year the company sold its shares in EDI Plus Limited to Lighthouse Technology Limited for a consideration of £2,000,000. M A Athar is the sole director of Lighthouse Technology Limited and his wife is the sole shareholder. The directors believe that the transaction was carried out at arm's length.

23. Ultimate parent company and controlling party

The directors regard ITIM Group Limited, a company incorporated in England and Wales as the ultimate parent company and controlling party. Copies of the group accounts, which include the company, can be obtained from 2nd Floor, Atlas House, 173 Victoria Street, London, SW1E 5NH.