

**Company Registration No. 03208792 (England and Wales)**

**ITIM Limited**

**Report and Financial Statements**

**For the year ended 31 December 2019**

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# **ITIM Limited**

## **Report and financial statements 2019**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2 -3</b>
<b>Directors report</b>	<b>4</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6-8</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Statement of Financial Position</b>	<b>11</b>
<b>Cash Flow Statement</b>	<b>12</b>
<b>Notes to the accounts</b>	<b>13 - 26</b>

# **ITIM Limited**

## **Report and financial statements 2019**

### **Officers and professional advisers**

#### **Directors**

M A Athar  
R N Frosell  
I D Hayes  
S Evetts

#### **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**

2<sup>nd</sup> Floor  
Atlas House  
173 Victoria St  
London  
SW1E 5NA

# ITIM Limited

## Directors' report

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

### Review of the business and future developments

In 2019, we finally got to a point where we believe that we have probably one of the best omni-channel retailing platform that supports optimisation of sales, stock, pricing and costs enabling retailers to fight back against the onslaught of online retailers through a credible customer centric omni-channel proposition and to helping retailers to significantly reduce their costs.

During the year we increased our SaaS income by a further 18%, with a significant percentage of our income coming from recurring revenue.

Whilst writing this review, we are in the middle of the COVID 19 pandemic. Inevitably we will see a big fall-out in the retail industry.

Many of the surviving retailers will need to increase their digital footprint and we see this as an opportunity for itim.

Of course it is hard to predict how 2020 will turn out. But we believe we will come out of it as a stronger company.

### Research and development

Most of our research activities in 2018 was in upgrading our products, both functionally and technically. We continue to invest in moving our applications to mobile, we have a major investment in AI, and we see optimisation seeding all aspects of our business.

Most of the functional improvements are in areas such as:

- Forecasting
- Range and Stock Optimisation
- Clienteling, loyalty and customer centric retailing
- Marketing engines
- Supplier collaboration

Everything needed to support our vision of 'Unified Retailing'

### Principal 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.

### *Economic environment*

Changes in the UK economic environment could affect demand for the company's services or clients' ability to pay amounts due.

Following the outbreak of the Coronavirus in December 2019 and it's resulting spread around the world, the UK government placed the country on lockdown on 23 March 2020. The directors have considered the impact of this

# ITIM Limited

## Directors' report

on the company and its operations and consider that the main impact is likely to be the payment of invoices during the period in lockdown. At the present time the company is funded predominantly through managing its own working capital. The company has limited committed expenditure and is therefore in a reasonable position to reduce its cash expenditure as necessary.

The board will continue to review trading outlook and the economic environment on a monthly basis and carry out credit checks on potential customers to mitigate this risk.

### *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.

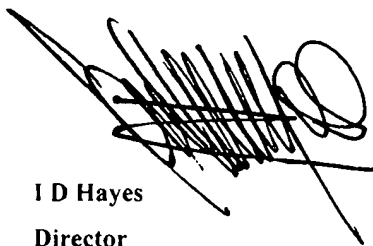
### *Interest rate risk*

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 on

15th July 2020

and signed on behalf of the Board



I D Hayes  
Director

# ITIM Limited

## Directors' report

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

### 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 loss for the year, after taxation, amounted to £1,480,767 (2018: loss of £1,216,760). The directors do not recommend the payment of an ordinary dividend.

### Directors

The following directors have held office since 1 January 2019:

M A Athar  
R N Frosell  
I D Hayes  
S Evetts

### 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.

### Post balance sheet events

In December 2019, the coronavirus was first reported and spread around the world resulting in the UK government placing the company on lockdown on 23 March 2020. As noted in the Strategic report, the directors have considered the impact of this on the company's operations and consider that the impact will only be on the payment of invoices during the period in lockdown. The directors have taken action to reduce immediate cash expenditure, secure contracts in the pipeline and taken necessary steps to ensure there is sufficient headroom in the company's working capital requirements during this period. The lockdown measures are expected to be eased in phases and the first measures have been announced by the government effective from 4 July 2020. As such, at the date of signing this report, they do not consider that the economic impact of the coronavirus will have a significant impact on the financial statements.

Approved by the Board of Directors on

15th July 2020

and signed on behalf of the Board

I D Hayes  
Director



## **ITIM Limited**

### **Statement of directors' responsibilities**

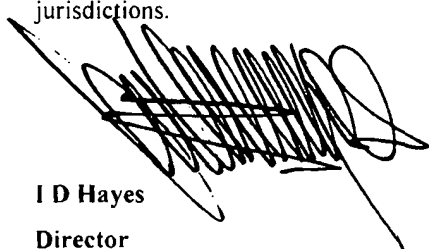
The directors are responsible for preparing the strategic and directors report and the financial statements in accordance with applicable law and regulations.

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**

# ITIM Limited

## Independent auditor's report to the members of ITIM Limited

### Opinion

We have audited the financial statements of ITIM Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

### 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

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

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

### Other information

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

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

We have nothing to report in this regard.



## **Independent auditor's report to the members of ITIM Limited (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the 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 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, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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

**Use of our report**

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

*PRC*     *and*     *Chapman*     *LLP*

**Paul Randall ACA (Senior Statutory Auditor)**

**For and on behalf of RPG Crouch Chapman LLP**

**Chartered Accountants**

**Statutory Auditors**

**62 Wilson Street**

**London**

**EC2A 2BU**

**Date: 15 July 2020**

# ITIM Limited

## Statement of Profit or Loss and Other Comprehensive Income Year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	4	6,012,887	6,212,075
Cost of sales		(3,826,802)	(3,627,164)
<b>Gross profit</b>		<b>2,186,085</b>	<b>2,584,911</b>
Administrative expenses		(3,339,735)	(3,761,572)
<b>EBITDA</b>		<b>(1,153,650)</b>	<b>(1,176,661)</b>
Amortisation of intangible assets	9	(255,606)	(255,604)
Depreciation	10	(41,865)	(34,918)
Depreciation of right-of-use assets	15	(332,668)	-
<b>Loss from operations</b>		<b>(1,783,789)</b>	<b>(1,467,183)</b>
Finance income		301	582
Finance costs		(1,151)	(159)
Other interest – right of use assets		(73,919)	-
<b>Loss on ordinary activities before taxation</b>	5	<b>(1,858,558)</b>	<b>(1,466,760)</b>
Taxation	8	377,791	250,000
<b>Loss for the year</b>		<b>(1,480,767)</b>	<b>(1,216,760)</b>

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 2019

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2018	1,535,733	11,568,473	(17,095,063)	(3,990,857)
Total comprehensive loss for the year	-	-	(1,216,760)	(1,216,760)
At 1 January 2019	1,535,733	11,568,473	(18,311,823)	(5,207,617)
Total comprehensive loss for the year	-	-	(1,480,767)	(1,480,767)
<b>At 31 December 2019</b>	<b>1,535,733</b>	<b>11,568,473</b>	<b>(19,792,590)</b>	<b>(6,688,384)</b>

**ITIM Limited****Company Registration number: 03208792****Statement of Financial Position  
As at 31 December 2019**

	Note	2019 £	2018 £
<b>Non-current assets</b>			
Intangible assets	9	2,785,957	2,688,118
Plant and equipment	10	56,048	58,136
Right-of-use assets	15	1,360,458	-
		<u>4,202,463</u>	<u>2,746,254</u>
<b>Current assets</b>			
Trade and other receivables	11	1,554,126	1,186,160
Cash and cash equivalents		640,292	518,691
		<u>2,194,418</u>	<u>1,704,851</u>
<b>Total assets</b>		<u><b>6,396,881</b></u>	<u><b>4,451,105</b></u>
<b>Current liabilities</b>			
Trade and other payables	12	(1,378,861)	(780,856)
Right-of-use liability	15	(315,991)	-
<b>Non-current liabilities</b>			
Trade and other payables	13	(8,476,225)	(7,397,198)
Right-of-use liability	15	(1,075,777)	-
<b>Total liabilities</b>		<u><b>(11,246,854)</b></u>	<u><b>(8,178,054)</b></u>
<b>Net assets</b>		<u><b>(4,849,973)</b></u>	<u><b>(3,726,949)</b></u>
<b>Accruals and deferred income</b>	14	1,838,411	1,480,668
<b>Equity</b>			
Called up share capital		1,535,733	1,535,733
Share premium account		11,568,473	11,568,473
Retained losses		<u>(19,792,590)</u>	<u>(18,311,823)</u>
<b>Shareholders' deficit</b>		<u><b>(6,688,384)</b></u>	<u><b>(5,207,617)</b></u>
		<u><b>(4,849,973)</b></u>	<u><b>(3,726,949)</b></u>

These financial statements were approved and authorised for issue by the Board of Directors on 15th July 2020

Signed on behalf of the Board of Directors


  
I D Hayes  
Director

# ITIM Limited

## Cash Flow Statement Year ended 31 December 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Loss after taxation		(1,480,767)	(1,216,760)
<b>Adjustments for:</b>			
Taxation	8	(377,791)	(250,000)
Interest paid		1,151	159
Other interest on leases	15	73,919	-
Interest received		(301)	(582)
Amortisation and depreciation	9/10/15	630,139	290,522
<b>Cash flows from operations before changes in working capital</b>		<b>(1,153,650)</b>	<b>(1,176,661)</b>
Movement in trade and other receivables	11	(317,967)	846,415
Movement in trade and other payables	12/13/14	2,034,775	619,636
<b>Cash generated from operations</b>		<b>563,158</b>	<b>289,390</b>
Interest paid		(1,151)	(159)
Corporation tax refund		327,791	88,707
<b>Net cash flows from operating activities</b>		<b>889,798</b>	<b>377,938</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on intangible assets	9	(353,444)	(396,663)
Purchase of plant and equipment	10	(39,777)	(37,866)
Interest received		301	582
<b>Net cash flows from investing activities</b>		<b>(392,920)</b>	<b>(433,947)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	15	(375,277)	-
<b>Net cash flows from financing activities</b>		<b>(375,277)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>121,601</b>	<b>(56,009)</b>
Cash and cash equivalents at beginning of year		518,691	574,700
<b>Cash and cash equivalents at end of year</b>		<b>640,292</b>	<b>518,691</b>

# ITIM Limited

## Notes to the accounts Year ended 31 December 2019

### 1. Corporate information

The financial statements of ITIM Limited (the Company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 15 July 2020. 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 2<sup>nd</sup> 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 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.

The financial statements are presented in GBP, which is also the Company's functional currency.

Amounts are rounded to the nearest pound, unless otherwise stated.

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 principal 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 Statement of Comprehensive Income 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 2019

### 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 Comprehensive 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 Comprehensive 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

#### Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the Statement of Comprehensive Income over the expected useful life of the assets. Grants towards revenue expenditure are released to the Statement of Comprehensive Income 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 2019

### 3. Accounting policies (continued)

#### 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.

#### Leases

The company has applied IFRS16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under IAS17 and IFRIC 4. The details of accounting policies under IAS17 and IFRIC 4 are disclosed separately if they are different from those under IFRS16.

#### As a lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets, considered to be assets amounting to £5,000 or less; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:

- Lease payments made at or before commencement of the lease;
- The effective interest charge of any deposits repayable at the end of the lease term;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

# **ITIM Limited**

## **Notes to the accounts (continued)** **Year ended 31 December 2019**

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term, which are discounted at the same rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

### **Under IAS17**

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

### **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.

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 loans from directors and third parties and are recognised on an accruals basis

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 3. Accounting policies (continued)

#### Pension contributions

The Company operates a defined contribution scheme for its employees. Contributions are charged to the Statement of Comprehensive Income 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 assumptions 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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2019.

(a) New and amended standards adopted by the Company:

IFRS 16 Leases; In the current year, the Company has applied IFRS 16 resulting in the company recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The Board has decided to apply the modified retrospective adoption method in IFRS 16, and, therefore, will only recognise leases on balance sheet as at 1 January 2019.

(b) New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early "and do not expect these to have a material impact of the financial statements of the company.

### 4. Segmental analysis – Geographical analysis

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

	2019 £	2018 £
United Kingdom	5,449,170	5,046,784
Europe	149,282	489,791
Rest of World	414,435	675,501
	<u>6,012,887</u>	<u>6,212,075</u>

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 5. Loss on operating activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets		
- owned	41,865	34,918
Depreciation of right-of-use assets	332,668	-
Amortisation of capitalised research and development	255,606	255,604
Operating lease rentals		
- plant and machinery	21,758	21,872
- other	-	224,942
Auditors' remuneration		
- Amounts paid to the auditors of the company for the audit of the company's accounts	15,000	13,000

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.

### 6. Employee information

#### Employment costs

	2019 £	2018 £
Wages and salaries	3,379,267	3,443,060
Social security costs	383,091	384,846
Other pension costs	169,460	175,354
Other benefits	52,692	46,213
	<u>3,984,510</u>	<u>4,049,473</u>

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

	2019 No.	2018 No.
Selling and administration	19	22
Technical	40	40
	<u>59</u>	<u>62</u>

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 7. Directors' emoluments

	2019 £	2018 £
Aggregate emoluments	647,000	570,275
Pension contributions (money purchase schemes)	40,725	36,889
	<u>687,725</u>	<u>607,164</u>

Total Directors' emoluments disclosed above is equivalent to total key management personnel compensation in the period.

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

	2019 £	2018 £
Aggregate emoluments	222,000	199,275
Pension contributions (money purchase schemes)	11,100	9,964
	<u>233,100</u>	<u>209,239</u>

	2019 No.	2018 No.
Number of directors to whom relevant benefits are accruing under:		
Money purchase schemes	<u>4</u>	<u>4</u>

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 8. Taxation

#### b) Factors affecting tax for the year:

##### a) The tax credit is made up as follows:

	2019 £	2018 £
Current corporation tax credit	(300,000)	(250,000)
Adjustment in respect of prior years	(77,791)	-
Total tax credit for the year	<u>(377,791)</u>	<u>(250,000)</u>

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 19% (2018: 19%). The differences are reconciled below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(1,858,558)</u>	<u>(1,466,760)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(353,126)	(278,684)
Effects of:		
Expenses not deductible for tax purposes	78,705	16,384
IFRS 16 Leases adjustment	5,949	-
Capital allowances in excess of depreciation	(1,293)	(2,620)
Tax losses utilised as part of research and development tax credit	(300,000)	(250,000)
Unrelieved tax losses and other deductions arising in the year	113,055	96,537
Losses surrendered to group companies	156,710	168,383
Adjustments in respect of earlier years	(77,791)	-
Current tax credit for the year	<u>(377,791)</u>	<u>(250,000)</u>

#### (c) Deferred taxation

No deferred tax has been provided for as there are tax adjusted losses to carry forward of approximately £9.5 million (2018: £8.6 million) which results in a deferred tax asset of approximately £1.81 million (2018: £1.63 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 2019

### 9. Intangible assets

	Development costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	8,809,069	2,413,280	11,222,349
Additions	353,444	-	353,444
At 31 December 2019	9,162,513	2,413,280	11,575,793
<b>Amortisation</b>			
At 1 January 2019	7,584,670	949,561	8,534,231
Charge for the year	255,606	-	255,606
At 31 December 2019	7,840,276	949,561	8,789,837
<b>Net book value</b>			
At 31 December 2019	1,322,237	1,463,719	2,785,957
At 31 December 2018	1,224,399	1,463,719	2,688,118

### 10. Plant and equipment

	Computer software £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2019	166,454	602,435	768,889
Additions	-	39,777	39,777
At 31 December 2019	166,454	642,212	808,666
<b>Depreciation</b>			
At 1 January 2019	164,958	545,795	710,753
Charge for the year	1,420	40,445	41,865
At 31 December 2019	166,378	586,240	752,618
<b>Net book value</b>			
At 31 December 2019	76	55,972	56,048
At 31 December 2018	1,496	56,640	58,136

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 11. Trade and other receivables

	2019 £	2018 £
Trade receivables	722,445	645,113
Corporation tax	301,293	251,293
Prepayments and accrued income	480,036	239,348
Other receivables	50,352	50,406
	<u>1,554,126</u>	<u>1,186,160</u>

### 12. Trade and other payables

	2019 £	2018 £
Trade payables	478,064	401,067
Amounts due to related parties	330,000	-
Other taxation and social security	344,008	290,938
Other payables	226,789	88,851
	<u>1,378,861</u>	<u>780,856</u>

### 13. Non-current trade and other payables

	2019 £	2018 £
Shares classed as financial liabilities	508,250	508,250
Amounts owed to group undertakings	7,967,975	6,888,948
	<u>8,476,225</u>	<u>7,397,198</u>

### 14. Accruals and deferred income

	2019 £	2018 £
Accruals	66,189	56,884
Deferred income	1,772,222	1,423,784
	<u>1,838,411</u>	<u>1,480,668</u>



# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 15. Leases

The company leases four units within properties from which it operates. Lease payments are fixed throughout the contract period.

	Right-of-use - Property £	Total £
<b>Cost</b>		
At 1 January 2019	-	-
Additions	1,693,126	1,693,126
	<hr/>	<hr/>
At 31 December 2019	1,693,126	1,693,126
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 January 2019	-	-
Charge for the year	332,668	332,668
	<hr/>	<hr/>
At 31 December 2019	332,668	332,668
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2019	1,360,458	1,360,458
	<hr/>	<hr/>
At 31 December 2018	-	-
	<hr/>	<hr/>

#### Lease liabilities:

	2019 £	2018 £
At 1 January 2019	1,693,126	-
Interest expense	73,919	-
Lease payments	(375,277)	-
	<hr/>	<hr/>
At 31 December 2019	1,391,768	-
	<hr/>	<hr/>

#### Amounts payable are as follows:

	2019 £	2018 £
Due within 1 year	315,991	-
Due 2-5 years	991,071	-
Due over 5 years	84,706	-
	<hr/>	<hr/>
Total	1,391,768	-
	<hr/>	<hr/>

# **ITIM Limited**

## **Notes to the accounts (continued)** **Year ended 31 December 2019**

### **16. 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.

#### **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.

#### **Liquidity risk**

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

#### **Foreign exchange risk**

The Company operates principally in the United Kingdom and as such the majority of the Company's financial assets and liabilities are denominated in sterling.

However, the Company is exposed to some level of currency risk in respect of its activity in the US. The Company is predominately exposed to currency risk to sales made in the US. However, this risk is largely reduced to a number of liabilities which also occur in the US and which are settled through a US bank account. Therefore, this currency exposure is largely reduced through natural hedging.

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### 17. Share capital

	2019 £	2018 £
<b>Authorised:</b>		
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>
<b>Allotted, called up and fully paid:</b>		
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>
<b>Equity shares</b>		
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>
<b>Shares classed as financial liabilities</b>		
50,825,022 Deferred shares of £0.01 each	<u>508,250</u>	<u>508,250</u>

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.

# ITIM Limited

## Notes to the accounts (continued) Year ended 31 December 2019

### Voting

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

### 18. Financial commitments

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

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Due within one year	-	10,865	334,911	19,107
Due between two and five years	-	-	1,520,865	10,865
Due in more than five years	-	-	103,193	-

### 19. Pension commitments

The company makes contributions to individual pension schemes (money purchase). The amount paid during the year was £169,460 (2018: £175,354).

### 20. Contingent liabilities

The company is party to a cross guarantee for amounts payable to R M Frosell of £350,000 (2018: £350,000) 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 balances and loans.

### 21. 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.

### 22. 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 2<sup>nd</sup> Floor, Atlas House, 173 Victoria Street, London, SW1E 5NH.