

Company Registration No. 04294356 (England and Wales)

i-Solutions Global Limited

**Annual report and
group financial statements
for the year ended 30 September 2017**

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i-Solutions Global Limited

Company information

Directors	Kevin Douglas Frank Bury Alyson Levett Richard Cunningham Paul Docherty James Davies Simon Crowther
Company number	04294356
Registered office	i-Nexus Suite George House Herald Avenue Coventry CV5 6UB
Independent auditors	Saffery Champness LLP Suite C, Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG
Business address	i-Nexus Suite George House Herald Avenue Coventry CV5 6UB

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The directors present their strategic report for the year ended 30th September 2017.

Business review and key performance indicators

We reported last year that 2016 had been a very challenging year. We had to make some sweeping changes and align the business around a reinvigorated set of urgent priorities to have an immediate impact on our sales performance, breakeven target and the underlying performance and development readiness of our software.

All of these changes have been successful; our financial results and the key underlying health metrics of the business are much improved.

- Year on year gross growth in Monthly Recurring Revenue (MRR) 43% (2016: 8%)
- Total Year on year Turnover growth £700,080 (2016: £33,000)
- Annualised trailing MRR £3.8m (2016: £2.8m)
- 16 deals (including existing client upsells) across the 12 months (2016: 7)
 - Notable new customers: Pratt & Whitney, Société Générale and L3
- Recurring profit (recognised revenue less all costs other than Sales & Marketing) £555,000 (2016: £0)
- Net New Growth (Total new billing less Sales & Marketing costs) £210,000 (2016: -£795,000)
- EBITDA -£274,000 (2016: -£996,000)

Of the 10 new accounts closed in the year, five of them had MRR exceeding £10,000. This drove our average MRR on new deals to above £8,000; over double the value we achieved the year before. This is in no small part due to the increasing maturity of our customers in Strategy Execution in general and the Hoshin methodology specifically, meaning they require larger deployments initially.

It is this growth in Hoshin that is really helping to drive our performance. It is clear now that the market for software designed to service the Hoshin methodology, is something that can support our growth plans. Key points supporting this being that the number of Hoshin related opportunities exceeded opportunities from our traditional ones for the first time this year, we received the first RFP for Hoshin Software and nearly 50% of our new MRR came from Hoshin opportunities. In addition, Gartner have issued two Market Guides to "Strategy Execution" in which we are mentioned and we expect a Magic Quadrant to be published in 2018.

The Operating Loss reported for the year ended 30th September 2017 of -£173,000 is substantially less than reported in previous years (2016: -£983,000). We set out to operate the business as close to breakeven as possible for the year and only invest in additional resource as our increasing revenue base allowed it. As a result, our cash position was significantly more comfortable than in previous years. We were able to repay debt for the first time in our history. A combined debt of over £400,000 was repaid to existing shareholders, directors and the wider employee base, all of whom contributed to supporting the business. Our Net Assets before Deferred Income have improved by over £760,000 compared to last year and is positive at £233,000.

As we indicated in last year's report, we have returned to our historical trend of solid increases in recognised revenue year on year, with an improvement of over £700,000 in FY 2017, an increase over FY 2016 of over 20%.

i-Solutions Global Limited

Strategic report (continued)

For the year ended 30 September 2017

Our strategy for the Financial Year 2018 is to exploit these excellent results by further investing in key areas to take advantage of the market opportunity we see emerging. The funding of these investments is likely to be a combination of our own generated working capital and some external funding, the likely sources of which are being explored by the Board.

The directors consider the going concern basis of preparation to be appropriate for the reasons set out in note 1.3.

On behalf of the board



Simon Crowther

Director

22 November 2017

i-Solutions Global Limited

Directors' report

For the year ended 30 September 2017

The directors present their annual report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activity of the group in the period under review was that of development and sale of Enterprise cloud-based software on a software-as-a-service (SaaS) basis and associated maintenance, support, software customisation and professional consultancy services.

Directors

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

Kevin Douglas
Frank Bury
Alyson Levett
Richard Cunningham
Paul Docherty
James Davies
Simon Crowther

Results and dividends

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

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

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitude and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The group places considerable value on the involvement of its employees and has continued its previous practice of ensuring effective two-way communication on matters affecting them as employees and on the various factors affecting performance of the group. This is achieved through formal meetings and the group intranet. Employees are consulted monthly on a wide range of matters affecting their current and future interests.

Auditors

The auditors, Saffery Champness LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditors

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Simon Crowther

Director

22 November 2017

Opinion

We have audited the financial statements of i-Solutions Global Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2017 set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

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 Auditors' 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report (continued)
To the memberS of i-Solutions Global Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Independent auditors' report (continued)
To the memberS of i-Solutions Global Limited

Responsibilities of directors

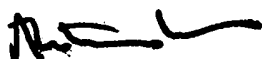
As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

22 November 2017

Chartered Accountants
Statutory Auditors

Suite C, Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

i-Solutions Global Limited**Group income statement****For the year ended 30 September 2017**

		2017	2016
	Notes	£	£
Turnover	2	4,113,180	3,413,100
Staff costs	4	(3,213,628)	(2,926,761)
Depreciation		(38,173)	(41,491)
Other operating expenses		(1,239,503)	(1,552,141)
Operating loss		(378,124)	(1,107,293)
Interest receivable and similar income	5	145	229
Interest payable and similar expenses		(86,562)	(154,256)
Loss before taxation		(464,541)	(1,261,320)
Tax on loss	6	290,879	278,739
Loss for the financial year		(173,662)	(982,581)

Loss for the financial year is all attributable to the owners of the parent company.

i-Solutions Global Limited

Group and company statement of financial positions

As at 30 September 2017

		Group		Company	
	Notes	2017	2016	2017	2016
		£	£	£	£
Fixed assets					
Tangible assets	7	96,252	99,789	95,720	98,534
Investments	8	-	-	6	6
		<u>96,252</u>	<u>99,789</u>	<u>95,726</u>	<u>98,540</u>
Current assets					
Debtors	10	1,779,887	1,075,122	4,289,220	3,561,409
Cash at bank and in hand		245,674	101,333	244,359	96,983
		<u>2,025,561</u>	<u>1,176,455</u>	<u>4,533,579</u>	<u>3,658,392</u>
Creditors: amounts falling due within one year	11	(3,853,628)	(2,883,973)	(3,427,301)	(2,495,690)
Net current (liabilities)/assets		<u>(1,828,067)</u>	<u>(1,707,518)</u>	<u>1,106,278</u>	<u>1,162,702</u>
Total assets less current liabilities		<u>(1,731,815)</u>	<u>(1,607,729)</u>	<u>1,202,004</u>	<u>1,261,242</u>
Creditors: amounts falling due after more than one year	12	(549,228)	(499,652)	549,228	(499,652)
Provisions for liabilities		<u>(40,702)</u>	<u>(40,702)</u>	<u>(40,702)</u>	<u>(40,702)</u>
Net (liabilities)/assets		<u>(2,321,745)</u>	<u>(2,148,083)</u>	<u>612,074</u>	<u>720,888</u>
Capital and reserves					
Called up share capital	15	1,417,213	1,417,213	1,417,213	1,417,213
Share premium account		4,086,016	4,086,016	4,086,016	4,086,016
Capital redemption reserve		6,468,287	6,468,287	6,468,287	6,468,287
Profit and loss reserves		(14,293,261)	(14,119,599)	(11,359,442)	(11,250,628)
Total equity		<u>(2,321,745)</u>	<u>(2,148,083)</u>	<u>612,074</u>	<u>720,888</u>
Net assets / (liabilities) before deferred income		233,250	(531,986)	2,769,290	1,997,064
Deferred income		<u>(2,554,995)</u>	<u>(1,616,097)</u>	<u>(2,157,216)</u>	<u>(1,276,176)</u>
Net liabilities		<u>(2,321,745)</u>	<u>(2,148,083)</u>	<u>612,074</u>	<u>720,888</u>

i-Solutions Global Limited

Group and company statement of financial positions (continued)

As at 30 September 2017

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies' regime.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £108,814 (2016 - £503,441 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 22 November 2017 and are signed on its behalf by:

Simon Crowther

Director

A handwritten signature in black ink, appearing to read 'S.P. Crowther', with a stylized flourish at the end.

Company Registration No. 04294356

i-Solutions Global Limited

**Group statement of changes in equity
For the year ended 30 September 2017**

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2015	1,296,354	3,742,917	6,468,287	(13,137,018)	(1,629,460)
Year ended 30 September 2016:					
Loss and total comprehensive income for the year	-	-	-	(982,581)	(982,581)
Issue of share capital	120,859	343,099	-	-	463,958
Balance at 30 September 2016	1,417,213	4,086,016	6,468,287	(14,119,599)	(2,148,083)
Year ended 30 September 2017:					
Loss and total comprehensive income for the year	-	-	-	(173,662)	(173,662)
Balance at 30 September 2017	1,417,213	4,086,016	6,468,287	(14,293,261)	(2,321,745)

i-Solutions Global Limited

**Company statement of changes in equity
For the year ended 30 September 2017**

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2015	1,296,354	3,742,917	6,468,287	(10,747,187)	760,371
Year ended 30 September 2016:					
Loss and total comprehensive income for the year	-	-	-	(503,441)	(503,441)
Issue of share capital	120,859	343,099	-	-	463,958
Balance at 30 September 2016	1,417,213	4,086,016	6,468,287	(11,250,628)	720,888
Year ended 30 September 2017:					
Loss and total comprehensive income for the year	-	-	-	(108,814)	(108,814)
Balance at 30 September 2017	1,417,213	4,086,016	6,468,287	(11,359,442)	612,074

i-Solutions Global Limited

Group statement of cash flows

For the year ended 30 September 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	18		57,704		(790,372)
Interest paid			(86,562)		(154,256)
Income taxes refunded			317,351		215,576
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			288,493		(729,052)
Investing activities					
Purchase of tangible fixed assets		(34,636)		(30,668)	
Interest received		145		229	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(34,491)		(30,439)
Financing activities					
Proceeds from borrowings		375,000		245,660	
Repayment of borrowings		(484,661)		(75,940)	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from financing activities			(109,661)		169,720
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			144,341		(589,771)
Cash and cash equivalents at beginning of year			101,333		691,104
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			245,674		101,333
			<u> </u>		<u> </u>

1 Accounting policies

Company information

i-Solutions Global Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is i-Nexus Suite, George House, Herald Avenue, Coventry, CV5 6UB.

The group consists of i-Solutions Global Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

These group and company financial statements for the year ended 30 September 2017 are the first financial statements of i-Solutions Global Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1 Accounting policies (continued)

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

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

1 Accounting policies (continued)

The group financial statements incorporate those of i-Solutions Global Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.3 Going concern

The Group incurred a net loss of £159,345 in the year ended 30 September 2017 (2016: net loss of £982,581) and at that date the Group's net current liabilities were £2,160,750 and the Group's total liabilities exceeded its total assets by £2,307,428. These factors indicate the existence of uncertainties which may cast doubt over the Group's and the Company's ability to continue as a going concern.

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below.

The Directors have prepared trading and cash flow forecasts for a period of at least one year from the date of approval of these financial statements. These forecasts make assumptions in respect of future trading conditions which they believe are reasonable, especially in the light of our consistency in sales results for the past 12 months. The forecasts assume the timely receipt of the R&D tax credit refund but this is not fundamental to available funds as it has been in previous years.

In addition, the Directors have a number of mitigations which can be utilised to enable the Group to meet its day-to-day working capital requirements if these forecasts move adversely. The Directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual financial statements.

1 Accounting policies (continued)

1.4 Turnover

Revenue for perpetual licences is recognised fully at the time of customer acceptance, in accordance with contractual terms with customers.

Revenue for annual licences, support and maintenance is recognised on a straight line basis over the duration of the contract.

Revenue for training events is recognised at the point the training event is completed.

Configuration and software customisation revenue is recognised on a straight line basis over the period during which the configuration or software customisation is completed.

Set-up, deployment, migration and report development revenue is recognised at the point the setup, deployment, migration or report development is completed. In the circumstances where an event spans two or more accounting periods, the entire revenue is recognised in the period when the event is completed.

1.5 Tangible fixed assets

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

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

Land and buildings leasehold	20% per annum, or lease life if shorter
Fixtures, fittings & equipment	25% on reducing balance
Computer equipment	33% per annum

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

1.6 Fixed asset investments

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

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

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

Notes to the financial statements (continued)

For the year ended 30 September 2017

1 Accounting policies (continued)

1.7 Impairment of fixed assets

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

1.8 Cash at bank and in hand

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

1.9 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Notes to the financial statements (continued)

For the year ended 30 September 2017

1 Accounting policies (continued)

Classification of financial liabilities

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligations to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Basic financial liabilities

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

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

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

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.10 Equity instruments

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

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

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

Current tax

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

1 Accounting policies (continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)

For the year ended 30 September 2017

1 Accounting policies (continued)**1.16 Leases**

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

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period. Financial data of the foreign enterprises are translated using the closing rate / net investment method on consolidation and the exchange difference arising from translation is recorded as a movement on reserves.

1.18 Research and development

Expenditure on research and development is written off to the income statement in the year in which it is incurred.

2 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Principal activities	4,113,180	3,413,100
	<u>4,113,180</u>	<u>3,413,100</u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	590,241	716,751
Rest of world	3,522,939	2,696,349
	<u>4,113,180</u>	<u>3,413,100</u>

3 Auditors' remuneration

	2017 £	2016 £
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	18,600	18,500
	<u>18,600</u>	<u>18,500</u>

Notes to the financial statements (continued)

For the year ended 30 September 2017

4 Employees

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

	2017	2016
	Number	Number
Total	48	47

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	2,869,161	2,607,587
Social security costs	307,087	301,559
Pension costs	37,380	17,615
	<u>3,213,628</u>	<u>2,926,761</u>

5 Interest receivable and similar income

	2017	2016
	£	£
Other interest receivable and similar income	145	229

6 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	(278,876)	(305,348)
Adjustments in respect of prior periods	(16,650)	-
Total UK current tax	<u>(295,526)</u>	<u>(305,348)</u>
Foreign current tax on profits for the current period	4,647	26,609
Total current tax	<u>(290,879)</u>	<u>(278,739)</u>

Notes to the financial statements (continued)
For the year ended 30 September 2017

7 Tangible fixed assets

Group	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 October 2016	68,328	372,005	440,333
Additions	-	34,636	34,636
	<u>68,328</u>	<u>406,641</u>	<u>474,969</u>
At 30 September 2017	68,328	406,641	474,969
Depreciation and impairment			
At 1 October 2016	27,124	313,420	340,544
Depreciation charged in the year	9,370	28,803	38,173
	<u>36,494</u>	<u>342,223</u>	<u>378,717</u>
At 30 September 2017	36,494	342,223	378,717
Carrying amount			
At 30 September 2017	<u>31,834</u>	<u>64,418</u>	<u>96,252</u>
At 30 September 2016	<u>41,204</u>	<u>58,585</u>	<u>99,789</u>
Company	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 October 2016	68,328	363,824	432,152
Additions	-	34,636	34,636
	<u>68,328</u>	<u>398,460</u>	<u>466,788</u>
At 30 September 2017	68,328	398,460	466,788
Depreciation and impairment			
At 1 October 2016	27,124	306,494	333,618
Depreciation charged in the year	9,370	28,080	37,450
	<u>36,494</u>	<u>334,574</u>	<u>371,068</u>
At 30 September 2017	36,494	334,574	371,068
Carrying amount			
At 30 September 2017	<u>31,834</u>	<u>63,886</u>	<u>95,720</u>
At 30 September 2016	<u>41,204</u>	<u>57,330</u>	<u>98,534</u>

i-Solutions Global Limited

Notes to the financial statements (continued)

For the year ended 30 September 2017

8 Fixed asset investments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Investments	-	-	6	6

Investments in subsidiaries are held at cost less impairment.

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 October 2016 and 30 September 2017	6
Carrying amount	
At 30 September 2017	6
At 30 September 2016	6

9 Subsidiaries

Details of the company's subsidiaries at 30 September 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
i-Nexus (America) Inc	USA	Sale of computer software and associated maintenance, support, software customisation and services	Ordinary	100.00	

i-Solutions Global Limited

Notes to the financial statements (continued)

For the year ended 30 September 2017

10 Debtors

	Group		Company	
	2017	2016	2017	2016
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,102,659	539,497	1,044,743	477,038
Corporation tax recoverable	278,876	305,348	278,876	305,348
Amounts due from group	-	-	2,625,005	2,550,177
Other debtors	398,352	230,277	340,596	228,846
	<u>1,779,887</u>	<u>1,075,122</u>	<u>4,289,220</u>	<u>3,561,409</u>

11 Creditors: amounts falling due within one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Loans	13	310,831	470,068	310,831	470,068
Trade creditors		386,794	239,808	384,226	237,353
Other taxation and social security		259,074	199,731	258,994	170,722
Deferred income		2,554,995	1,616,097	2,157,216	1,276,176
Accruals		341,934	358,269	316,034	341,371
		<u>3,853,628</u>	<u>2,883,973</u>	<u>3,427,301</u>	<u>2,495,690</u>

12 Creditors: amounts falling due after more than one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Loans	13	<u>549,228</u>	<u>499,652</u>	<u>549,228</u>	<u>499,652</u>

Notes to the financial statements (continued)

For the year ended 30 September 2017

13 Loans and overdrafts

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other loans	860,059	969,720	860,059	969,720
Payable within one year	310,831	470,068	310,831	470,068
Payable after one year	549,228	499,652	549,228	499,652

Included within other loans is a loan of £275,831 that entitles the lender to warrant shares in the company at the drawdown of this loan. A further £202,228 of this loan is included in creditors due within one year. The facility is secured by way of fixed and floating charges over all assets of the company.

14 Share-based payment transactions

Group and company	Number of share options		Weighted average exercise price	
	2017	2016	2017	2016
	Number	Number	£	£
Outstanding at 1 October 2016	262,754	71,691	1.00	1.00
Granted	-	210,533	-	1.00
Expired	(2,100)	(19,470)	1.00	1.00
Outstanding at 30 September 2017	260,654	262,754	1.00	1.00
Exercisable at 30 September 2017	147,899	100,060	1.00	1.00

The options outstanding at 30 September 2017 had an exercise price of £1 and no expiration date.

The total intrinsic value at 30 September 2017 amounted to £260,654 (2016 - £262,754) for the group and company.

Notes to the financial statements (continued)
For the year ended 30 September 2017

15 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,417,213 Ordinary of £1 each	1,417,213	1,417,213
	<u> </u>	<u> </u>

The shares have attached to them full voting and dividends rights.

16 Operating lease commitments**Lessee**

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

Group		Company	
2017	2016	2017	2016
£	£	£	£
311,500	400,500	311,500	400,500
<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Related party transactions**Transactions with related parties**

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

	Financing fee	
	2017	2016
	£	£
Group		
Key management personnel	7,153	12,283
	<u> </u>	<u> </u>
Company		
Key management personnel	7,153	12,283
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 30 September 2017

17 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Group		
Key management personnel	339,349	151,037
Other related parties	173,400	150,000
	<u> </u>	<u> </u>
Company		
Key management personnel	339,349	151,037
Other related parties	173,400	150,000
	<u> </u>	<u> </u>

18 Cash generated from group operations

	2017	2016
	£	£
Loss for the year after tax	(173,662)	(982,581)
Adjustments for:		
Taxation credited	(290,879)	(278,739)
Finance costs	86,562	154,256
Investment income	(145)	(229)
Depreciation and impairment of tangible fixed assets	38,173	41,491
Movements in working capital:		
(Increase) in debtors	(722,490)	(22,802)
Increase in creditors	181,247	228,335
Increase in deferred income	938,898	69,897
	<u> </u>	<u> </u>
Cash generated from/(absorbed by) operations	57,704	(790,372)
	<u> </u>	<u> </u>