

INVU PLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2018



A12

INVU PLC

Directors and advisors For the year ended 31 January 2018

Directors

M Wells (Non-executive chairman)
I Smith
D Goldman (Non-executive)

Company Secretary

I Smith

Registered Office

Blisworth Hill Farm
Stoke Road
Blisworth
Northamptonshire
NN7 3DB

Auditors

BDO LLP
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

Bankers

Bank of Scotland plc
33 Old Broad Street
London
BX2 1LB

Registrars

BritDAQ Limited
Richmond House
Eastbourne Road
Blindley Heath
Lingfield
Surrey
RH7 6JX

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Chairman's message

These results show continued profit (operating profit of £0.7 million) and cash (operating cash from operations of £0.8 million) generation. The announcement of a UK General Election during the first half of the year led to uncertain market conditions which resulted in less demand in our chosen markets and a focus on conservatively managing our costs. Internally we have focussed on development of a cloud based automated accounts payable application that we will begin to offer for sale by the second half of our next financial year. This is a subscription based service and represents a shift in our business model that will in the short term impact revenues and cash flow but in the long term further improve our recurring revenue base.

We expect to experience a mixed economic environment over the coming year, with some uncertainty remaining around Brexit, dampening demand, countered by an increase in attention on secure document management driven by regulations like the European Union's General Data Protection Regulation (GDPR).

Business Model

The Company is a holding company. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

The Group sells licences of its own authored software and some third party software applications that complement its own software offering. The software licences are sold both directly to end users and through accredited resellers. The software requires installation and implementation by qualified personnel, the Group or its accredited resellers offer these services to end user customers. The Group offers annual support agreements, "InvuCare" which provide end users with technical support and the right to certain software upgrades free of charge.

The end user software licences have traditionally been perpetual and the software premises based, though it has been capable of being consumed hosted or via the private cloud. During the current year, we began to offer software on a subscription basis and in the future we expect to see the proportion of revenue related to subscriptions grow both from this initiative and the launch of our cloud based accounts payable service.

Business Strategy

The Group's target market for its software solutions are medium and small sized businesses.

The Group is a Microsoft Gold Partner and Invu software is designed and developed using Microsoft software tools. The Group has chosen to licence rather than develop, some complementary software, and its chosen partner for document capture is ABBYY and for document print and distribution is Objectif Lune.

The Group's distribution strategy is based on retaining existing customers by providing an excellent level of service to customers and to grow its business through the provision of software solutions that address business problems in the purchasing, accounts payable and document processing markets. The purchasing and accounts payable software solutions are generally distributed via direct sales efforts, while the document management and workflow solutions are distributed through a mixed channel. This applies across a wide range of vertical markets, except for the accountancy practices market, which represents approximately 20% of the business, and is serviced through an OEM relationship with IRIS Software Limited.

The business targets revenue growth but not at the expense of maintenance of existing levels of profitability and cash flow.

Business review

Group revenue decreased by 2.1% to £2.89 million in the year. This was the result of a 17.0% decrease in sales of software and related services being partially offset by a 5.0% increase in the revenue from InvuCare.

Gross profit declined by 0.4% which is less than the sales decline because the sales mix has included less low margin professional services income resulting in a gross margin percentage of 80.8% compared to 79.4% last year.

Adjusted EBITDA, as defined below, increased to £0.72 million, from £0.55 million, primarily as the result of a decrease in overheads arising from lower headcount.

A small amount of interest was earned on cash balances and there was no interest expense as the Group had no debt.

The Groups cash balances increased to £3.27m primarily as a result of the £0.7 million EBITDA with cash generated from working capital and tax credits offset by the investment in fixed assets.

The balance sheet shows shareholders' equity of £2.15 million (2017: £1.43 million) which arises primarily because of the profit in the year.

The Group remains firmly committed to research and development and maintained expenditure at the same level as last year, £0.56 million. The Group capitalised £0.13 million (2017: £0.03 million) of qualifying development expenditure as required in accordance with FRS102.

Key performance indicators

The key performance indicators, including the management of profitability and working capital, monitored on an ongoing basis by management are set out below:

| Indicator | 2018 | 2017 | Measure |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------------------------------------------------------------------------------|
| Revenue £m | 2.9 | 3.0 | |
| | | | |
| Profitability ratio | | | |
| Gross margin | 80.1% | 79.4% | Gross profit as a percentage of turnover. |
| Trading EBITDA £m | 0.72 | 0.55 | Earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of fixed assets, and share options charge. |
| Other indicators | | | |
| New installed sites | 56 | 53 | New customer sites installed in the year. |
| Days sales outstanding | 35 | 43 | Computed using the exhaustion method. |
| InvuCare renewal rate | 94% | 95% | Based on the value of contracts falling due for renewal. |
| Non-financial indicators | | | |
| Quality management | The Invu Group operates a quality policy that has been accredited to ISO 9001 for the development and sale of products for document, content and information management. | | |

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group include the following:

- Economic – in common with businesses whose customers are reliant on the availability of credit to make investments in software and systems. The software sales made by the business are dependent on the strength of the economy. This risk is partially mitigated by the recurring customer support revenues from the customer base.
- Competitors – the Group has a number of competitors for its software products. To mitigate this risk, the Group continues to invest in and develop its software.
- Technology – the Group's products are based on software technologies which continue to evolve, so there is a risk of technical obsolescence which the Group mitigates by continuing to invest in and developing its software and by partnering with major infrastructure suppliers.

ON BEHALF OF THE BOARD



Mark Wells, Chairman
25 June 2018

The Directors present their report together with the audited financial statements for the year ended 31 January 2018.

Principal Activity

The Company is a holding company. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

The Group sells licences of its own authored software and some third party software applications that complement its own software offering. The software licences are sold both directly to end users and through accredited resellers. The software requires installation and implementation by qualified personnel, the Group or its accredited resellers offer these services to end user customers. The Group offers annual support agreements, "InvuCare", which provide end users with technical support and the right to certain software upgrades free of charge.

Results

The audited financial statements for the year ended 31 January 2018 are set out on pages 7 to 26. The Group's profit for the year after tax amounted to £0.7 million (2017: £0.5 million). As the Company does not have any distributable reserves the Board will not be recommending the payment of a final dividend.

Directors

The Directors who served during the year were as follows:

D Goldman
I Smith
M Wells

Directors' responsibilities for the financial statements

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 Group and Company 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; 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 enable them to ensure that the financial statements comply with the requirements of 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.

Employees

The Group operates recruitment and selection procedures to attract, motivate and retain the best staff regardless of race, religion, sexual orientation, age or disability. To that end it is committed to offering equal employment opportunities.

The Group maintains a policy of keeping all employees fully informed about its plans and progress through regular meetings, formal presentations and electronic communication. Participation by employees in the progress and profitability of the Group is encouraged, where appropriate, through bonus schemes and the Group share option scheme. Employee development is encouraged with formal staff appraisals and training programmes.

Health, safety and environmental policies

The Group recognises and accepts its responsibilities for health, safety and the environment (HS&E) and has a dedicated team which provides advice and support in this area. The team regularly discuss the latest HS&E issues and receive training in specific areas pertinent to the business. The team also perform internal reviews on a regular basis to ensure compliance with best practise and all relevant legislation. As a provider of document management software, the Group is mindful of the positive impact our software (which is also used in-house) has on the environment, by drastically reducing the use of paper.

Statutory Auditor

The Directors who held office at 31 January 2018 confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

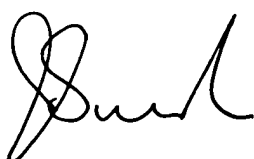
Indemnity Provisions

The Company's Articles of Association provide for indemnification of Directors subject to and as far as permitted by the statutes. A copy of the Company's Memorandum and Articles of Association are available for inspection at the Company's office and from Companies House. No qualifying third party indemnity provisions or any qualifying pension scheme indemnity provisions are in force as of the date of this report or were in force during the year ended 31 January 2018.

Annual General Meeting

The Annual General Meeting will be held at Invu, Blisworth Hill Farm, Stoke Road, Blisworth, Northants, NN7 3DB on 30 July 2018 at 9am. The notice of the Annual General Meeting will be sent separately to shareholders.

ON BEHALF OF THE BOARD



Ian Smith, Director
25 June 2018

Report of the independent auditors

Opinion

We have audited the financial statements of INVU PLC ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 January 2018 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated 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 United Kingdom Accounting Standards, including Financial Reporting Standard 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 of the Parent Company's affairs as at 31 January 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

Report of the independent auditors

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

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

Use of our report

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



Richard Wilson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Nottingham

27 JUN 2018

INVU PLC**Consolidated Income Statement
For the year ended 31 January 2018**

| | Notes | 2018 £'000 | 2017 £'000 |
|------------------------------------------------------|--------------|-----------------------|-----------------------|
| Turnover | 4 | 2,891 | 2,954 |
| Cost of sales | | <u>(554)</u> | <u>(608)</u> |
| Gross profit | | 2,337 | 2,346 |
| Administration expenses | | <u>(1,684)</u> | <u>(1,879)</u> |
| Group operating profit | 5 | 653 | 467 |
| Interest receivable and similar income | | <u>12</u> | <u>-</u> |
| Profit on ordinary activities before taxation | | 665 | 467 |
| Taxation on profit on ordinary activities | 7 | <u>49</u> | <u>18</u> |
| Profit for the financial year | | <u>714</u> | <u>485</u> |

There was no other comprehensive income in the current or prior year other than profit for the financial year.
There were no recognised gains and losses in the current year or prior year.

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

INVU PLC

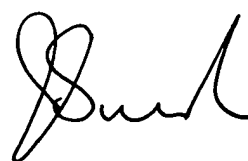
**Consolidated Balance Sheet
As at 31 January 2018**

| Company number 06283181 | Notes | 2018 £'000 | 2017 £'000 |
|------------------------------------------------------------|--------------|-----------------------|-----------------------|
| Fixed Assets | | | |
| Intangible assets | 8 | 139 | 47 |
| Tangible assets | 9 | 16 | 15 |
| | | <u>155</u> | <u>62</u> |
| Current assets | | | |
| Debtors | 11 | 536 | 569 |
| Cash at bank and in hand | | 3,266 | 2,551 |
| | | <u>3,802</u> | <u>3,120</u> |
| Creditors: amounts falling due within one year | 12 | 1,805 | 1,757 |
| Net current assets | | <u>1,997</u> | <u>1,363</u> |
| Net assets | | <u>2,152</u> | <u>1,425</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 4,746 | 4,746 |
| Share premium | 15 | 554 | 554 |
| Share option reserve | 16 | 41 | 28 |
| Merger reserve | 16 | (20,131) | (20,131) |
| Retained earnings | | 16,942 | 16,228 |
| Equity attributable to owners of the parent company | | <u>2,152</u> | <u>1,425</u> |

The financial statements were authorised and approved for issue by the Board of Directors on 25 June 2018 and were signed on its behalf.



M Wells
Director



I Smith
Director

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

INVU PLC
Company balance sheet
As at 31 January 2018

Company number 06283181

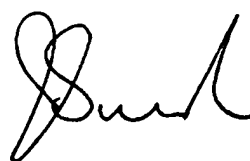
| | Notes | 2018 £'000 | 2017 £'000 |
|------------------------------------------------------------------------|--------------|-----------------------|-----------------------|
| Non-current assets | | | |
| Investments | 10 | <u>4,000</u> | <u>3,000</u> |
| | | <u>4,000</u> | <u>3,000</u> |
| Current assets | | | |
| Debtors | 11 | - | 32 |
| Cash at bank and in hand | | <u>504</u> | <u>501</u> |
| | | <u>504</u> | <u>533</u> |
| Creditors: amounts falling due within one year | 12 | <u>62</u> | <u>8</u> |
| Net current assets | | <u>442</u> | <u>525</u> |
| Net assets | | <u>4,442</u> | <u>3,525</u> |
| Equity | | | |
| Share capital | 15 | 4,746 | 4,746 |
| Share premium | 15 | 554 | 554 |
| Share option reserve | 16 | 41 | 28 |
| Merger reserve | 16 | 439 | 439 |
| Retained earnings | | (1,338) | (2,242) |
| Total equity attributable to: Equity holders of the Company | | <u>4,442</u> | <u>3,525</u> |

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's retained profit for the financial year amounted to £904,000 (2017: £1,683,000).

The financial statements were authorised and approved for issue by the Board of Directors on 25 June 2018 and were signed on its behalf.



M Wells
Director



I Smith
Director

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

INVU PLC

**Consolidated statement of changes in equity
For the year ended 31 January 2018**

| | Share Capital | Share premium | Share option reserve | Merger reserve | Retained earnings | Total |
|----------------------------------|------------------|------------------|----------------------------|-------------------|----------------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 February 2016 | 4,746 | 554 | 288 | (20,131) | 15,464 | 921 |
| Total comprehensive income | - | - | - | - | 485 | 485 |
| Release of expired options | - | - | (260) | - | 260 | - |
| Movement on share option reserve | - | - | - | - | 19 | 19 |
| At 31 January 2017 | 4,746 | 554 | 28 | (20,131) | 16,228 | 1,425 |
| | Share Capital | Share premium | Share option reserve | Merger reserve | Retained earnings | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 February 2017 | 4,746 | 554 | 28 | (20,131) | 16,228 | 1,425 |
| Total comprehensive income | - | - | - | - | 714 | 714 |
| Release of expired options | - | - | - | - | - | - |
| Movement on share option reserve | - | - | 13 | - | - | 13 |
| At 31 January 2018 | 4,746 | 554 | 41 | (20,131) | 16,942 | 2,152 |

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

INVU PLC

Company statement of changes in equity
For the year ended 31 January 2018

| | Share Capital | Share premium | Share option reserve | Merger reserve | Retained earnings | Total |
|----------------------------------|------------------|------------------|----------------------------|-------------------|----------------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 February 2016 | 4,746 | 554 | 288 | 439 | (4,204) | 1,823 |
| Total comprehensive income | - | - | - | - | 1,683 | 1,683 |
| Release of expired options | - | - | (260) | - | 260 | - |
| Movement on share option reserve | - | - | - | - | 19 | 19 |
| At 31 January 2017 | 4,746 | 554 | 28 | 439 | (2,242) | 3,525 |
| | Share Capital | Share premium | Share option reserve | Merger reserve | Retained earnings | Total |
| At 1 February 2017 | 4,746 | 554 | 28 | 439 | (2,242) | 3,525 |
| Total comprehensive income | - | - | - | - | 904 | 904 |
| Release of expired options | - | - | - | - | - | - |
| Movement on share option reserve | - | - | 13 | - | - | 13 |
| At 31 January 2018 | 4,746 | 554 | 41 | 439 | (1,338) | 4,442 |

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

INVU PLC

**Consolidated statement of cash flow
For the year ended 31 January 2018**

| | 2018 £'000 | 2017 £'000 |
|---------------------------------------------------------|---------------|---------------|
| Cash flows from operating activities | | |
| Profit on ordinary activities after taxation | 714 | 485 |
| Depreciation and amortisation of fixed assets | 54 | 67 |
| Taxation credit | (49) | (18) |
| Share based payments (credits)/charges | 13 | 19 |
| (Increase)/decrease in trade and other debtors | 33 | 152 |
| Increase/(decrease) in trade and other creditors | 48 | (217) |
| Cash from operations | 813 | 488 |
| Taxation received | 49 | 18 |
| Cash flows from operating activities | 862 | 506 |
| Cash flows from investing activities | | |
| Purchases of intangible fixed assets | (133) | (19) |
| Purchases of tangible fixed assets | (14) | (28) |
| Net cash from investing activities | (147) | (47) |
| Cash flows from financing activities | - | - |
| Net increase in cash and cash equivalents | 715 | 459 |
| Cash and cash equivalents at the beginning of the year | 2,551 | 2,092 |
| Cash and cash equivalents at the end of the year | 3,266 | 2,551 |
| Cash and cash equivalents comprise: | | |
| Cash at bank and in hand | 3,266 | 2,551 |
| | 3,266 | 2,551 |

The accompanying accounting policies and notes on pages 13 to 26 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

INVU Plc is a private Company limited by shares and incorporated in England and Wales. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Directors' report.

These financial statements are presented in United Kingdom pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

These financial statements are prepared in £'000.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Group's accounting policies.

Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 February 2013. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with IFRS 3, "Business Combinations" as applied at that time.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the Company;
- Disclosures in respect of the parent Company's share-based payment arrangements have not been presented, as equivalent disclosures have been provided in the Group accounts; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The principal accounting policies of the Group and Company are set out below.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Directors have reviewed the Group's projected cash flows for the period through to 31 January 2020 (considering amongst other things, the Group's requirements to repay borrowings, the level of recurring revenue, the outlook for the Group's chosen markets and the current working capital resources) and are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT and trade discounts.

The Group's revenues are made through a reseller channel and by direct sale to end users.

Revenues from the sale of perpetual licences of software products are recognised upon shipment of the licensed product, provided the licensed software product is to be deployed to a named end user and that fees are fixed, collectability is probable, and the Group has no significant obligations remaining under the sale agreement.

Revenues for periodic licences of software products and the sale of maintenance and ongoing support are recognised on a straight line basis, over the period of each applicable end user software licence or support agreement.

Revenues for the provision of implementation and installation services are recognised when the services are delivered.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives, which range between 3 and 4 years.

Intangible assets – research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years, based on the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible assets – Computer software, software rights and licenses

Acquired computer software and software licenses are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of 4 years on a straight line basis and charged to administration expenses in the income statement.

Investments

Investments in subsidiary undertakings are included at cost less impairment charges in the Company's financial statements.

Property Lease

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Financial assets

Short term debtors are measured at transaction price less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Share-based payments

The Group issues equity settled share based payments, utilising the shares of its parent INVU Plc, to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the best estimate of the number of shares that will eventually vest.

Fair value is measured by use of a binomial lattice pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

The expense arising each year from share based payments is charged to administrative expenses.

Retirement benefit costs

The Group operates a contracted in money purchase pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Material estimates and assumptions are made in particular with regard to share based payments (note 17), bad debt provisions (note 11), the capitalisation of internally generated intangibles (note 8), and the amortisation period for intangible assets and impairment reviews (note 2).

3. FINANCIAL RISKS

The Group's and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's and Company's overall risk management programme seeks to minimise potential adverse effects on the Group's and Company's financial performance.

Notes to the consolidated financial statements
For the year ended 31 January 2018

4. ANALYSIS OF TURNOVER

The Group has one class of business, the design and sale of computer software for the electronic management of information and documents.

Analysis of turnover by country of destination:

| | 2018 | 2017 |
|-------------------|---------------------|--------------|
| | £'000 | £'000 |
| United Kingdom | 2,775 | 2,829 |
| Rest of Europe | 113 | 119 |
| Rest of the World | 3 | 6 |
| | <u>2,891</u> | <u>2,954</u> |

All non-current assets and liabilities are held within the UK.

5. PROFIT FROM OPERATIONS

The profit from operations has been arrived at after charging/(crediting) the following amounts:

| | 2018 | 2017 |
|--------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Research and development expenditure | 564 | 564 |
| Depreciation of tangible assets | 13 | 16 |
| Amortisation of intangible assets | 41 | 51 |
| Auditors' remuneration: | | |
| Audit of Company | 6 | 6 |
| Audit of subsidiary undertakings | 12 | 11 |
| Taxation | 6 | 4 |
| Bad debt | 4 | - |
| Loss/(Gain) on foreign exchange | 3 | (5) |
| Share option charge | 13 | 19 |
| Operating leases | 58 | 50 |

Notes to the consolidated financial statements
For the year ended 31 January 2018

6. STAFF COSTS

Staff costs charged to the consolidated income statement during the year amounted to:

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 1,423 | 1,590 | 9 | 9 |
| Social security | 163 | 187 | - | - |
| Pension costs | 20 | 24 | - | - |
| Capitalised development labour | (133) | (28) | - | - |
| Share option costs (note 17) | 13 | 19 | - | - |
| | <u>1,486</u> | <u>1,792</u> | <u>9</u> | <u>9</u> |

The average number of people employed by the Group (including Directors) during the year is shown below. There were no employees in the Company for the current and prior year.

| | 2018 | 2017 |
|-------------------------------------|------------------|-------------|
| Management | 5 | 5 |
| Development and distribution | 17 | 18 |
| Sales, marketing and administration | 7 | 9 |
| | <u>29</u> | <u>32</u> |

At 31 January 2018 there were outstanding pension contributions of £4,000 (2017: £4,000). The Company provided no post-retirement benefits to its employees.

| | | |
|--------------------------------------------------------------------|-----------------------|-----------------------|
| Included within staff costs are Directors emoluments amounting to: | 2018 £'000 | 2017 £'000 |
| Directors emoluments | 154 | 132 |
| Company contributions to money purchase pension schemes | 2 | 2 |

During the year 1 (2017: 1) Director accrued benefits under the money purchase pension scheme.

During the year no Directors exercised any share options (2017: nil).

Notes to the consolidated financial statements
For the year ended 31 January 2018

7. TAXATION

| | 2018 | 2017 |
|----------------------------------------|--------------------|--------------------|
| | £'000 | £'000 |
| Current taxation | | |
| - Adjustment in respect of prior years | (49) | (18) |
| - Current tax charge | - | - |
| Deferred tax credit | - | - |
| Total tax for the year | <u>(49)</u> | <u>(18)</u> |

The charge for the year can be reconciled to the profit per the income statement as follows:

| | 2018 | 2017 |
|------------------------------------------------------------------------------------|--------------------|--------------------|
| | £'000 | £'000 |
| Profit before taxation | <u>665</u> | <u>467</u> |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%) | 126 | 93 |
| Tax effect of: | | |
| Expenses not deductible | 10 | 1 |
| Enhanced relief on research and development | (39) | (26) |
| Tax effect of share options | 2 | (52) |
| Fixed asset temporary differences | (26) | 4 |
| Utilisation of losses brought forward | (73) | (20) |
| Research and development tax (credit) | (49) | (18) |
| Total tax for the year | <u>(49)</u> | <u>(18)</u> |

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Finance Act 2016 enacted the corporation tax rate to reduce from the current rate of 19% with a further reduction to 17% from April 2020. These changes to the future tax rate were substantively enacted at the balance sheet date. The provision for deferred tax in the financial statements has been based upon the relevant rate to which the timing differences are expected to reverse.

Notes to the consolidated financial statements
For the year ended 31 January 2018

8. INTANGIBLE ASSETS

| Group | Development costs | Computer software | Total £'000 |
|---------------------------|-------------------|-------------------|----------------|
| | £'000 | £'000 | |
| Cost | | | |
| At 31 January 2017 | 310 | 45 | 355 |
| Additions | 133 | - | 133 |
| At 31 January 2018 | 443 | 45 | 488 |
| Amortisation | | | |
| At 1 February 2017 | 264 | 44 | 308 |
| Charge for the year | 40 | 1 | 41 |
| At 31 January 2018 | 304 | 45 | 349 |
| Net book amount | | | |
| At 31 January 2017 | 46 | 1 | 47 |
| At 31 January 2018 | 139 | - | 139 |

Internally generated intangible assets are capitalised when the criteria are met as defined in note 2, Principal Accounting Policies.

The parent entity, INVU Plc, does not hold any intangible assets.

9. TANGIBLE FIXED ASSETS

| Group | Computer equipment | Fixtures, fittings & equipment | Total £'000 |
|---------------------------|--------------------|--------------------------------|----------------|
| | £'000 | £'000 | |
| Cost | | | |
| At 31 January 2017 | 139 | 39 | 178 |
| Additions | 11 | 3 | 14 |
| At 31 January 2018 | 150 | 42 | 192 |
| Depreciation | | | |
| At 1 February 2017 | 127 | 36 | 163 |
| Charge for the year | 10 | 3 | 13 |
| At 31 January 2018 | 137 | 39 | 176 |
| Net book amount | | | |
| At 31 January 2017 | 12 | 3 | 15 |
| At 31 January 2018 | 13 | 3 | 16 |

The parent entity, INVU Plc, does not hold any tangible fixed assets.

Notes to the consolidated financial statements
For the year ended 31 January 2018

10. INVESTMENTS
Company

| | Shares in Group undertakings £'000 | Capital contribution to subsidiaries £'000 | Total £'000 |
|--------------------------------------|---------------------------------------------------|---------------------------------------------------------------|------------------------|
| Cost | | | |
| At 1 February 2017 | 30,899 | 401 | 31,300 |
| Increase in capital contribution | - | 13 | 13 |
| At 31 January 2018 | 30,899 | 414 | 31,313 |
| Provisions | | | |
| At 1 February 2017 | (28,206) | (94) | (28,300) |
| Release of provision | 987 | - | 987 |
| At 31 January 2018 | (27,219) | (94) | (27,313) |
| Net book value of investments | | | |
| At 31 January 2017 | 2,693 | 307 | 3,000 |
| At 31 January 2018 | 3,680 | 320 | 4,000 |

| Name of subsidiary | Country of registration or incorporation | Shares held and voting power held by the Company | Shares held and voting power held by the Group | Principal activity |
|-----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|
| Invu 2007 Limited | England & Wales | 100% ordinary shares | - | Software and related services, design and sales |
| Montague Limited | Isle of Man | 100% ordinary shares | - | Software and related services, design and sales |
| Invu (UK) plc ¹ | England & Wales | - | 100% ordinary shares | Intermediate holding company |
| Invu Services Limited ² | England & Wales | - | 100% ordinary shares | Software and related services, design and sales |
| Invu International Holdings Limited ² | England & Wales | - | 100% ordinary shares | Holds intellectual property rights |
| Invu Netherlands B.V. ³ | The Netherlands | - | 100% ordinary shares | Non-Trading |
| ¹ Held via Invu 2007 Limited | | | ² Held via Invu (UK) plc | |
| ³ Held via Invu International Holdings Limited | | | | |

All investments are held directly unless otherwise stated.

The registered office address of Montague Limited is Cayman National House, 4-8 Hope Street, Douglas, Isle of Man IM1 1AQ. All the other subsidiaries have the same registered address as Invu plc.

All principal subsidiary undertakings operate in their country of incorporation. The Group consolidates its subsidiary activities. The accounting year-end of the subsidiary undertakings consolidated in these financial statements on 31 January 2018.

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 2006.

INVU PLC

Notes to the consolidated financial statements For the year ended 31 January 2018

11. DEBTORS: amounts falling due within one year

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade debtors | 374 | 419 | - | - |
| Amounts owed by Group companies | - | - | - | 29 |
| Prepayments | 112 | 100 | - | 3 |
| Deferred taxation (note 14) | 50 | 50 | - | - |
| | <u>536</u> | <u>569</u> | <u>-</u> | <u>32</u> |

12. CREDITORS: amounts falling due within one year

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors | 82 | 73 | - | - |
| Amounts owed to Group companies | - | - | 32 | - |
| Other taxation and social security | 181 | 220 | - | - |
| Other creditors | - | 5 | - | - |
| Accruals and deferred income | 1,542 | 1,459 | 30 | 8 |
| | <u>1,805</u> | <u>1,757</u> | <u>62</u> | <u>8</u> |

13. FINANCIAL INSTRUMENTS

The Group's and the Company's financial instruments may be analysed as follows:

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets | | | | |
| Trade debtors | 374 | 419 | - | - |
| Amounts owed by group companies | - | - | - | 29 |
| Cash and cash equivalents | 3,266 | 2,551 | 504 | 501 |
| | <u>3,640</u> | <u>2,970</u> | <u>504</u> | <u>530</u> |
| Financial liabilities | | | | |
| Trade creditors | 82 | 73 | - | - |
| Amounts owed to Group companies | - | - | 32 | - |
| Other taxation and social security | 181 | 220 | - | - |
| Other creditors | - | 5 | - | - |
| Accruals | 312 | 226 | 30 | 8 |
| | <u>575</u> | <u>524</u> | <u>62</u> | <u>8</u> |

Notes to the consolidated financial statements
For the year ended 31 January 2018

14. DEFERRED TAXATION**Group and Company**

At the balance sheet date, the Group has recognised a deferred tax asset of £50,000 (2017: £50,000) in relation to brought forward losses.

At the balance sheet date, the Group has unused tax losses, as below, available for offset against future profits in the respective countries. No deferred tax asset has been recognised in respect of these losses as their future utilisation is uncertain.

| Country | Unrelieved tax losses 2018 £'000 | Unrelieved tax losses 2017 £'000 |
|---------|-------------------------------------------|-------------------------------------------|
| | | |
| UK | 8,308 | 9,449 |
| | <u>8,308</u> | <u>9,449</u> |

15. SHARE CAPITAL AND SHARE PREMIUM**Group and Company**

| | 2018 £'000 | 2017 £'000 |
|----------------------------------------------------------------|---------------|---------------|
| Authorised, allotted and fully paid: | | |
| 176,752,662 (2017: 176,752,662) £0.001 ordinary shares | 177 | 177 |
| 4,263,773,958 (2017: 4,263,773,958) £0.001 deferred shares | 4,264 | 4,264 |
| 305,000,000 £0.001 A ordinary shares (2017: 305,000,000/£0.01) | 305 | 305 |
| | <u>4,746</u> | <u>4,746</u> |

On 29 July 2016 the shareholders of the Company approved division of the 305,000,000 A ordinary shares of £0.01 into 305,000,000 A ordinary shares of £0.001 and 2,745,000,000 £0.001 deferred shares.

The A ordinary shares rank in priority to the ordinary shares, with respect to any distribution of assets of the Company on a winding-up, and have no rights to attend and vote at general meetings of shareholders of the Company, but otherwise rank pari passu in all respects with the issued ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on the Company's share capital.

The deferred shares have no voting rights, are not entitled to dividends, are not transferable and have very limited rights on any return of assets on liquidation. There were no changes in the rights of the ordinary shares.

16. RESERVES

The Share Premium reserve relates to excess consideration received in respect of the issue of ordinary shares over and above the par value. The reserve is non-distributable.

The Merger reserve originally arose from the issue of ordinary shares, on 6 December 2007, in the reverse acquisition undertaken by Invu Inc. During the prior year the cumulative post merger provisions against the investment in shares in Group undertakings (£28,899,000) was transferred to this reserve from retained earnings. The Merger reserve is non-distributable.

The Share Option reserve represents the cumulative cost charged to the Income Statement for share based payments.

The Retained Earnings reserve represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

17. SHARE-BASED PAYMENTS

The share option charge during the year ended 31 January 2018 amounted to £13,000 (2017: £19,000).

The Company operates three share option plans: the 2015 Share option plan, the 2007 Share option plan and the INVU Plc Non-Executive Share options plan. The options currently granted under these schemes have the following vesting terms:

- a) All share options granted to schemes existing prior to the 2015 share option plan have already vested
- b) All grants currently issued under the 2015 share option plan vest on a straight line basis over a ten year period, the ability to exercise grants is subject to performance criteria based on market value.

Under the plans, options will vest immediately when INVU Plc is subject to a change in control.

All options, originally granted on 21 June 2010, that were outstanding as of 30 January 2012 were surrendered by employees as of that date and those employees received options granted as of 30 January 2012. The options granted as of 30 January 2012 to these employees have been accounted for as a modification, in accordance with FRS 102, to the options granted as at 21 June 2010.

Notes to the consolidated financial statements
For the year ended 31 January 2018

SHARE-BASED PAYMENTS (continued)

The movement on the schemes has been:

| | 2018 | Weighted average Exercise price £ | 2017 | Weighted average Exercise price £ |
|--------------------------------------|----------------------------|--------------------------------------------|----------------------------|--------------------------------------------|
| | Number of Share options | | Number of share options | |
| Outstanding at beginning of the year | 113,224,261 | 0.0017 | 118,422,606 | 0.0180 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | 176,264 | 0.1734 | 5,198,435 | - |
| Exercised during the year | - | - | - | - |
| Outstanding at the end of the year | 113,047,997 | 0.0017 | 113,224,261 | 0.0017 |
| Exercisable at the end of the year | 30,260,307 | 0.0019 | 19,197,587 | 0.0036 |

The options outstanding at the 31 January 2018 had a weighted average exercise price of £0.017 and a weighted average remaining contractual life of 7 years (2017: 8 years).

The expense arising from share option grants is based on the computation of the estimated fair value at the date of grant of each share option. This is calculated by applying a binomial lattice option pricing model. Early exercise is not considered likely in material amounts and therefore no adjustments have been made in this respect. The key variables used in the model were:

| | 23/06/15 | 30/01/12 | 20/12/10 | 06/12/07 |
|-------------------------------|----------|----------|----------|----------|
| Market value at date of grant | £0.0013 | £0.0042 | £0.0065 | £0.2850 |
| Exercise price | £0.0016 | £0.0100 | £0.0100 | £0.2850 |
| Expected volatility | 63.43% | 85.2% | 95.3% | 29.0% |
| Expected dividend yield | 0.0% | 0.0% | 0.0% | 2.0% |
| Risk free interest rate | 0.41% | 0.39% | 0.60% | 4.56% |

The Directors have determined the volatility for options granted during the year using computations based on historical share prices.

18. COMMITMENTS

The Group's future minimum lease payments under non-cancellable operating leases, which all relate to the rental of the Group's offices, are as follows:

| | 2018 £'000 | 2017 £'000 |
|----------------------------------------------|---------------|---------------|
| Not later than 1 year | 39 | 17 |
| Later than 1 year but not later than 5 years | 65 | - |
| Total minimum lease payments | <u>104</u> | <u>17</u> |

The Company does not have any non-cancellable operating leases.

19. RELATED PARTY TRANSACTIONS

D Goldman, a non-executive Director of the Company, waived his fees for services provided in the current year.

Cortexplus Limited, a company whose majority shareholder is Mark Wells, a non-executive Director of the Company, was paid £45,000 (2017: £48,750).

The Directors have the authority and responsibility for planning, directing and controlling the activities of the Group (and the Company), and they are therefore the key management personnel. Their remuneration is disclosed in note 6.

Except for transactions with the above, there were no other related party transactions during the year for the Group or the Company.

20. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.