

Inzpire Group Limited

Annual Report and Financial Statements

7 Month Period Ended

31 March 2019

Company Number 08516668

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Inzpire Group Limited

Company Information

Directors	H M Griffiths M S Boyes J R Willis A Thorp
Company secretary	J Messent
Registered number	08516668
Registered office	Cody Technology Park Ively Road Farnborough Hampshire GU14 0LX
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

Inzpire Group Limited

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Inzpire Group Limited

Group strategic report For the 7 month period ended 31 March 2019

On 19 November 2018, QinetiQ Group plc acquired 85% of the shares of Inzpire Group Limited, with an agreement to acquire the remaining 15% after two years, for a total consideration of £23.5 million.

This investment will enhance Inzpire's capabilities in support of defence operations. As an example, Inzpire has a number of personnel embedded alongside customers on both F35 and Typhoon, as do QinetiQ. The combination of QinetiQ and Inzpire creates a leading position in mission data and advice for these aircraft in international markets.

In the Mission Systems area, this strategic investment provides Inzpire with access to QinetiQ's missions systems capabilities to enhance and broaden its product offering.

In addition to access to capital for growth, Inzpire will leverage QinetiQ's international routes to market, including its Joint Ventures in the Middle East, Far East, Australia and North America to meet growing global demand.

Review of Inzpire's activities and performance

Inzpire has continued to develop its Managed Services and Mission Systems capabilities during the course of the 7 month period to 31 March 2019.

Managed Services

This capability area provides specialist managed services primarily to UK military and defence customers. Revenue from this division was £7.4m (13% increase over prior year pro rata). Services include:

- Helicopter training (e.g. provision of Apache and Wildcat qualified flying instructors)
- Synthetic training (e.g. design and delivery of war-fighter training scenarios that incorporate live assets with virtual and constructive synthetic participants)
- Unmanned (provision of UAS experts)
- Integrated Sensors and Systems (e.g. supporting the delivery of Typhoon and F-35 capability as well as provision of mission data)
- Human Factors and Safety Training
- Intelligence training (provision of training design analysts to design and write training courses for the joint intelligence community)

During the 7 month period the following key contracts were secured/renewed:

- Interim White Force to support DOTC (A) contract signed but work to start in Oct-19
- QWIC Support to Reaper MQ-9 (Feb-19)
- Support to QinetiQ in Cyber consulting work and Training support (Nov-18 onwards)
- PMATS demonstration work via L3 Technologies (Mar-19)

As noted above we use revenue growth as a key performance indicator as well as looking closely at profit margins by contract and by division.

Inzpire Group Limited

Group strategic report (continued) For the 7 month period ended 31 March 2019

Mission Systems

The Mission Systems capability area develops software applications for military customers both in the UK and overseas. During the 7 months of FY19, revenue from this division was £2.29m (87% growth over prior year pro rata).

There are 3 core product areas which have been significantly enhanced by additional capability during the year. They are as follows:

- GECO (Air) – avionic, mission and training applications – utilised standalone or integration into the aircraft.
- GECO (MSS) – Mission Support System developed during the course of the year to support Air, Land and Maritime customers.
- GECO World – a partnered approach to developing solutions for military customers

During the 7 month period the following key contracts were secured/renewed:

- Expansion of the GECO (MSS) contract to Puma Helicopters UK
- Extension of the provision of GECO (Air) software to Joint Helicopter Command to provide additional situational awareness through new and enhanced applications (Cockpit Situational Awareness Tool, (CSAT)) and provision of Beyond Line of Sight (BLOS) capability

As noted above we use revenue growth as a key performance indicator as well as looking closely at profit margins by contract and by division.

Research and Development

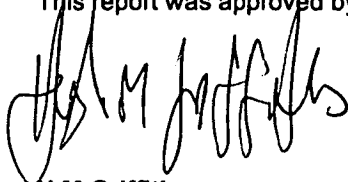
Inzpire has continued to invest in research and development. The main area of investment was within Mission Systems where additional capability was added to the GECO suite of products. Expenditure in relation to research and development totalled just over 15% of Mission Systems revenue for the 7 month period.

Principal risks and uncertainties facing Inzpire

A significant amount of Inzpire's revenue is generated from UK MoD (£7.6m). The reliance on this customer is a risk that the Board closely monitors and has reduced compared to previous years. Whilst the reliance is significant, Inzpire's revenue is generated from a number of different areas within the UK military which to a degree mitigates this risk. In addition, the ongoing reduction in defence budgets will result in more and more outsourcing by MoD (due to a lack of organic capability) of the sort of work that Inzpire specialises in.

During the 7 month period Inzpire has generated revenue from working with other Commercial Defence organisations, as well as QinetiQ, and also continued to heavily target overseas customers; reducing its dependence on UK MoD.

This report was approved by the board on 10 December 2019 and signed on its behalf.



H M Griffiths
Director

Inzpire Group Limited

Directors' report **For the 7 month period ended 31 March 2019**

The Directors present their report and the financial statements for the period ended 31 March 2019.

During the period, the accounting period end was changed from 31 August to 31 March. The previous financial statements were prepared to 31 August 2018.

Principal activities

The principal activities of the Group in the period under review were the provision of consultancy and training services to, and the development of, aviation related IT systems for the Ministry of Defence and the Defence Industry.

Results and dividends

The profit for the period, after taxation, amounted to £544,385 (2018 year - £146,964).

No dividends were paid or proposed in the current period or prior year.

Directors

The Directors who served during the period were:

H M Griffiths
M S Boyes
J R Willis (appointed 19 November 2018)
A Thorp (appointed 19 November 2018)
M C Rowland (resigned 19 November 2018)
B I Myers (resigned 19 November 2018)
S L Stern (resigned 10 September 2019)

Resignations and new appointments

On 19 November 2018, QinetiQ Group plc acquired 85% of the shares of Inzpire Group Limited and as part of this transaction, M C Rowland and B I Myers resigned from the Board, and J R Willis and A Thorp were appointed to the Board. On 10 September 2019, S L Stern resigned from the Board.

Future developments

The Group's business review and future developments are shown in the Strategic report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.


Inzpire Group Limited

Directors' report (continued) For the 7 month period ended 31 March 2019

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 December 2019 and signed on its behalf.



H M Griffiths
Director

Inzpire Group Limited

Directors' responsibilities statement For the 7 month period ended 31 March 2019

The Directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 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.

Inzpire Group Limited

Independent auditor's report to the members of Inzpire Group Limited

Opinion

We have audited the financial statements of Inzpire Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the 7 month period ended 31 March 2019 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the 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 March 2019 and of the Group's profit for the period 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.

Inzpire Group Limited

Independent auditor's report to the members of Inzpire Group Limited (continued)

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:

- the information given in the Strategic report and Directors' report for the financial period 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 Directors' report.

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

- adequate accounting records have not been kept by the 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.

Inzpire Group Limited

Independent auditor's report to the members of Inzpire Group Limited (continued)

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 determines 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

 BDO LLP

Nick Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Guildford
United Kingdom

Date: 13/12/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Inzpire Group Limited

Consolidated statement of comprehensive income For the 7 month period ended 31 March 2019

	Note	7 month period ended 31 March 2019 £	31 August 2018 £
Turnover	4	9,594,405	13,324,070
Cost of sales		(6,127,450)	(8,518,474)
Gross profit		3,466,955	4,805,596
Administrative expenses		(2,741,882)	(4,530,379)
Other operating income	5	-	5,867
Operating profit	6	725,073	281,084
Interest receivable and similar income	9	5,098	1,323
Profit before taxation		730,171	282,407
Tax on profit	10	(185,786)	(135,443)
Profit after tax		544,385	146,964
Profit for the period/year attributable to:			
Owners of the parent Company		544,385	146,964

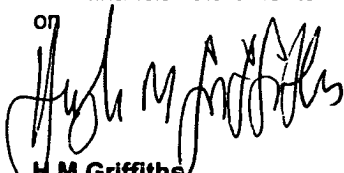
The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited
Registered number: 08516668

Consolidated statement of financial position
As at 31 March 2019

	Note	31 March 2019 £	31 August 2018 £
Fixed assets			
Intangible assets	11	5,647,812	6,086,696
Tangible assets	12	432,935	446,419
		<u>6,080,747</u>	<u>6,533,115</u>
Current assets			
Stocks	15	60,727	389,110
Debtors: amounts falling due within one year	16	3,412,917	3,470,931
Cash and cash equivalents	17	3,473,219	1,115,978
		<u>6,946,863</u>	<u>4,976,019</u>
Creditors: amounts falling due within one year	18	(2,067,461)	(1,636,492)
Net current assets		<u>4,879,402</u>	<u>3,339,527</u>
Deferred taxation	20	(336,290)	(341,702)
		<u>(336,290)</u>	<u>(341,702)</u>
Net assets		<u><u>10,623,859</u></u>	<u><u>9,530,940</u></u>
Capital and reserves			
Called up share capital	21	11,450	1,489,778
Share premium account	22	8,798,746	8,432,440
Capital redemption reserve	22	1,478,822	-
Profit and loss account	22	334,841	(391,278)
		<u><u>10,623,859</u></u>	<u><u>9,530,940</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2019.


H M Griffiths
Director

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited
Registered number: 08516668

Company statement of financial position
As at 31 March 2019

	Note	31 March 2019 £	31 August 2018 £
Fixed assets			
Investments	13	10,458,910	10,458,910
		<u>10,458,910</u>	<u>10,458,910</u>
Creditors: amounts falling due within one year	18	(181,010)	(547,810)
Net current liabilities		<u>(181,010)</u>	<u>(547,810)</u>
Net assets		<u><u>10,277,900</u></u>	<u><u>9,911,100</u></u>
Capital and reserves			
Called up share capital	21	11,450	1,489,778
Share premium account	22	8,798,746	8,432,440
Capital redemption reserve	22	1,478,822	-
Profit and loss account		(11,118)	(11,118)
		<u><u>10,277,900</u></u>	<u><u>9,911,100</u></u>

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the period was £Nil (2018 year - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2019.


H M Griffiths
Director

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

Consolidated statement of changes in equity For the 7 month period ended 31 March 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2018	1,489,778	8,432,440	-	(391,278)	9,530,940
Comprehensive Income for the period					
Profit for the period	-	-	-	544,385	544,385
Total comprehensive Income for the period	-	-	-	544,385	544,385
Contributions by and distributions to owners					
Share based payment credit	-	-	-	181,734	181,734
Purchase of own shares	-	-	1,478,822	-	1,478,822
Shares issued	494	366,306	-	-	366,800
Shares redeemed	(1,478,822)	-	-	-	(1,478,822)
Total transactions with owners	(1,478,328)	366,306	1,478,822	181,734	548,534
At 31 March 2019	11,450	8,798,746	1,478,822	334,841	10,623,859

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2017	1,489,778	8,432,440	(538,242)	9,383,976
Comprehensive Income for the year				
Profit for the year	-	-	146,964	146,964
Total comprehensive income for the year	-	-	146,964	146,964
At 31 August 2018	1,489,778	8,432,440	(391,278)	9,530,940

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

Company statement of changes in equity For the 7 month period ended 31 March 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2018	1,489,778	8,432,440	-	(11,118)	9,911,100
Total comprehensive Income for the period	-	-	-	-	-
Contributions by and distributions to owners					
Purchase of own shares	-	-	1,478,822	-	1,478,822
Shares issued	494	366,306	-	-	366,800
Shares redeemed	(1,478,822)	-	-	-	(1,478,822)
Total transactions with owners	(1,478,328)	366,306	1,478,822	-	366,800
At 31 March 2019	11,450	8,798,746	1,478,822	(11,118)	10,277,900

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2017	1,489,778	8,432,440	(11,118)	9,911,100
Total comprehensive income for the year	-	-	-	-
At 31 August 2018	1,489,778	8,432,440	(11,118)	9,911,100

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

Consolidated statement of cash flows For the 7 month period ended 31 March 2019

	31 March 2019 £	31 August 2018 £
Cash flows from operating activities		
Profit for the financial period/year	544,385	146,964
Adjustments for:		
Amortisation of intangible assets	716,441	1,172,015
Depreciation of tangible assets	112,809	181,577
Profit/(loss) on disposal of tangible assets	(197)	442
Interest received	(5,098)	(1,323)
Taxation charge	188,652	135,443
Decrease/(increase) in stocks	328,383	(314,781)
Decrease/(increase) in debtors	58,014	(1,147,891)
Increase/(decrease) in creditors	236,905	(145,963)
Share based payment credit	181,734	-
Net cash generated from operating activities	2,362,028	26,483
Cash flows from investing activities		
Purchase of intangible fixed assets	(277,557)	(451,076)
Purchase of tangible fixed assets	(102,224)	(111,963)
Sale of tangible fixed assets	3,096	321
Interest received	5,098	1,323
Net cash from investing activities	(371,587)	(561,395)
Cash flows from financing activities		
Issue of ordinary shares	366,800	-
Net cash used in financing activities	366,800	-
Net increase/(decrease) in cash and cash equivalents	2,357,241	(534,912)
Cash and cash equivalents at beginning of period/year	1,115,978	1,650,890
Cash and cash equivalents at the end of period/year	3,473,219	1,115,978

Inzpire Group Limited

Consolidated statement of cash flows (continued) For the 7 month period ended 31 March 2019

	31 March 2019 £	31 August 2018 £
Cash and cash equivalents at the end of period/year comprise:		
Cash at bank and in hand	3,473,219	1,115,978
	<u>3,473,219</u>	<u>1,115,978</u>

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

Consolidated Analysis of Net Debt For the 7 month period ended 31 March 2019

	At 1 September 2018 £	Cash flows £	At 31 March 2019 £
Cash at bank and in hand	1,115,978	2,357,241	3,473,219
	<u>1,115,978</u>	<u>2,357,241</u>	<u>3,473,219</u>

The notes on pages 18 to 37 form part of these financial statements.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

1. General Information

Inzpire Group Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Group's operations and principal activities are given in the Directors' report and Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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.

2.3 Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax.

The level of revenue recognised in respect of contracts represents the stage of completion on that contract. Support and licence contract revenue is recognised over the life of the contract on a straight line basis.

2.4 Amounts recoverable on contracts

Debtors include amounts recoverable on contracts, which are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts, less payments on account received. Payments on account represent the excess of amounts billed over that earned and are included separately within creditors.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentational currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on a straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off in the Consolidated statement of comprehensive income.

2.7 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

2. Accounting policies (continued)

2.8 Share based payments

Where equity instruments are awarded to employees, the fair value of the award at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of equity instruments that eventually vest. Market vesting conditions are factored into the fair value of the award. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of the award are modified before they vest, the increase in the fair value, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.9 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and 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.

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 in the countries where the Company and the Group operate and generate income.

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

- 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
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 10 years. This period is deemed appropriate due to the long-term contracts negotiated by the Group.

Other intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Domain name licence	- 33% on cost
Development costs	- straight line over 7 years
Domanin name, website and trademark	- 20% on cost

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Plant and machinery	- 14% on cost
Fixtures and fittings	- 20% on cost
Office equipment	- 20% on cost
Computer equipment	- 20-33% on cost
Improvements to property	- 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.13 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

2.15 Debtors

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

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial Instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

2. Accounting policies (continued)

2.18 Financial Instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.19 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Intangible fixed assets (see note 11)**
Intangible fixed assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation and product life cycles are taken into account.
- **Tangible fixed assets (see note 12)**
Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

4. Turnover

The whole of the turnover is attributable to the principal activities of the Group.

Analysis of turnover by country of destination:

	7 month period ended 31 March 2019 £	31 August 2018 £
United Kingdom	9,560,998	12,676,717
Rest of the world	33,407	647,353
	<u>9,594,405</u>	<u>13,324,070</u>

5. Other operating income

	7 month period ended 31 March 2019 £	31 August 2018 £
Miscellaneous income	-	5,867
	<u>-</u>	<u>5,867</u>

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

6. Operating profit

The operating profit is stated after charging/(crediting):

	7 month period ended 31 March 2019 £	31 August 2018 £
Depreciation of tangible fixed assets	112,809	181,577
Amortisation of intangible assets, including goodwill	716,441	1,172,015
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	20,250	20,250
Exchange differences	15,455	914
Operating lease rentals	37,681	67,390
Defined contribution pension cost	234,962	296,078
Research and development expenditure	47,068	30,109
Inventory recognised as an expense	523,982	205,845
(Profit)/loss on sale of tangible assets	(197)	442

Of the audit fee above, £5,825 (2018 - £5,825) was paid by Inzpire Limited in respect of Inzpire Group Limited.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 7 month period ended 31 March 2019 £	Group 31 August 2018 £
Wages and salaries	5,213,107	8,007,473
Social security costs	622,397	967,829
Cost of defined contribution scheme	234,962	296,078
	<u>6,070,466</u>	<u>9,271,380</u>

The Directors were the only employees of the Company for the period. All staff costs were borne by Inzpire Limited.

The average monthly number of employees, including the Directors, during the 7 month period was as follows:

	7 month period ended 31 March 2019 No.	31 August 2018 No.
Staff	<u>144</u>	<u>128</u>

The above represents the gross staff costs incurred during the period/year. Included in these amounts are the costs capitalised as development as follows: wages and salaries of £238,040 (2018 - £385,540), social security costs of £29,481 (2018 - £46,649) and pension costs of £10,036 (2018 - £24,972).

8. Directors' remuneration

During the period, no Director received any emoluments (2018 - £Nil). The Company's Directors are remunerated by a subsidiary company, Inzpire Limited. Having regard to the level of time spent and the nature of the Company's affairs, the Directors' remuneration that would be attributable to this Company for the period is approximately £2,900 (2018 year - £5,000) per Director.

The Company's Directors are considered to be the only key management personnel of the Group. The total compensation paid to key management personnel for services provided to the Group was £206,047 (2018 - £357,834).

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

9. Interest receivable

	7 month period ended 31 March 2019 £	31 August 2018 £
Other interest receivable	5,098	1,323

10. Taxation

	7 month period ended 31 March 2019 £	31 August 2018 £
Corporation tax		
Current tax on profits for the period/year	191,198	2,866
Adjustments in respect of previous periods	-	(286,333)
Total current tax	191,198	(283,467)
Deferred tax		
Origination and reversal of timing differences	(5,412)	83,209
Adjustments in respect of prior periods	-	335,701
Total deferred tax	(5,412)	418,910
Taxation on profit on ordinary activities	185,786	135,443

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	7 month period ended 31 March 2019 £	31 August 2018 £
Profit on ordinary activities before tax	730,171	282,407
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	138,732	53,657
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	95,952	164,487
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(22,322)	16,958
Adjustments to tax charge in respect of prior periods	-	(286,333)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(23,710)	(139,237)
Adjustments to deferred tax charge in respect of prior periods	-	335,701
Other differences leading to an increase (decrease) in the tax charge	(2,866)	(9,790)
Total tax charge for the period/year	185,786	135,443

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

11. Intangible assets

Group

	Domain name, website and trademark £	Development costs £	Goodwill £	Total £
Cost				
At 1 September 2018	47,888	2,361,556	8,928,758	11,338,202
Additions	-	277,557	-	277,557
At 31 March 2019	47,888	2,639,113	8,928,758	11,615,759
Amortisation				
At 1 September 2018	29,447	621,963	4,600,096	5,251,506
Charge for the period	5,627	205,805	505,009	716,441
At 31 March 2019	35,074	827,768	5,105,105	5,967,947
Net book value				
At 31 March 2019	12,814	1,811,345	3,823,653	5,647,812
At 31 August 2018	18,441	1,739,593	4,328,662	6,086,696

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

11. Intangible assets (continued)

Development costs have been capitalised in respect of new products. The costs capitalised are the staff salaries in respect of time spent directly developing the new products. Amortisation for all intangible assets is charged to administrative expenses.

Within development assets there are eight material items:

	Carrying value 31 March 2019 £	Carrying value 31 August 2018 £	Remaining amortisation period £
GECO 7	322,156	377,158	3
GECO 9	267,436	304,142	4
GECO 10	257,322	288,378	5
GECO 11	268,216	296,663	5
GECO 12	128,451	141,296	6
GECO 14.1	167,106	182,703	6
GECO 14.2	143,518	36,374	7
GECO 14.3	121,205	-	7

Company

The Company has no intangible assets.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

12. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Computer equipment £	Improvem'ts to property £	Total £
Cost						
At 1 September 2018	204,201	93,977	42,610	358,405	127,977	827,170
Additions	-	2,016	5,189	95,019	-	102,224
Disposals	-	(5,194)	(648)	(57,351)	-	(63,193)
At 31 March 2019	204,201	90,799	47,151	396,073	127,977	866,201
Depreciation						
At 1 September 2018	25,830	70,225	26,924	159,165	98,607	380,751
Charge for the period	17,017	12,344	5,883	62,431	15,134	112,809
Disposals	-	(5,194)	(648)	(54,452)	-	(60,294)
At 31 March 2019	42,847	77,375	32,159	167,144	113,741	433,266
Net book value						
At 31 March 2019	161,354	13,424	14,992	228,929	14,236	432,935
At 31 August 2018	178,371	23,752	15,686	199,240	29,370	446,419

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

12. Tangible fixed assets (continued)

Company

The Company has no tangible fixed assets.

13. Fixed asset investments

Company

Cost

At 1 September 2018 and at 31 March 2019

**Investments
in subsidiary
companies
£**

10,458,910

Details of the subsidiaries can be found under note 14.

14. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Inzpire Holdings Limited	Ordinary	100 %	Non-trading holding company

Indirect subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Inzpire Limited	Ordinary	100 %	Consultancy, training services and development of aviation related IT systems

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

15. Stocks

	Group 31 March 2019 £	Group 31 August 2018 £
Finished goods and goods for resale	60,727	389,110

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 31 March 2019 £	Group 31 August 2018 £
Trade debtors	1,438,427	1,107,063
Other debtors	18,902	396,582
Prepayments and accrued income	1,955,588	1,967,286
	<u>3,412,917</u>	<u>3,470,931</u>

Barclays Bank have a fixed charge over £Nil (2018 - £93,500) of the other debtors balance.

17. Cash and cash equivalents

	Group 31 March 2019 £	Group 31 August 2018 £
Cash at bank and in hand	3,473,219	1,115,978

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

18. Creditors: Amounts falling due within one year

	Group 31 March 2019 £	Group 31 August 2018 £	Company 31 March 2019 £	Company 31 August 2018 £
Trade creditors	424,286	204,469	-	-
Amounts owed to group undertakings	-	-	181,010	547,810
Corporation tax	194,099	35	-	-
Other taxation and social security	1,046,194	694,392	-	-
Other creditors	50,099	41,510	-	-
Accruals and deferred income	352,783	696,086	-	-
	<u>2,067,461</u>	<u>1,636,492</u>	<u>181,010</u>	<u>547,810</u>

19. Financial Instruments

	Group 31 March 2019 £	Group 31 August 2018 £	Company 31 March 2019 £	Company 31 August 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>6,308,673</u>	<u>3,984,877</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(992,415)</u>	<u>(888,352)</u>	<u>(181,011)</u>	<u>(547,810)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group undertakings (Company only) and other creditors.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

20. Deferred taxation

	Group 31 March 2019 £	Group 31 March 2018 £
At beginning of period/year	(341,702)	77,208
Movement in the period/year	5,412	(418,910)
At end of period/year	(336,290)	(341,702)

The provision for deferred taxation is made up as follows:

	Group 31 March 2019 £	Group 31 August 2018 £
Accelerated capital allowances	(339,557)	(344,969)
Short term timing differences	3,267	3,267
	(336,290)	(341,702)

21. Share capital

	31 March 2019 £	31 August 2018 £
Allotted, called up and fully paid		
Nil (2018 - 5,400) Ordinary A shares of £1.00 each	-	5,400
Nil (2018 - 900) Ordinary B shares of £1.00 each	-	900
Nil (2018 - 3,924) Ordinary C shares of £1.00 each	-	3,924
Nil (2018 - 732) Ordinary D shares of £1.00 each	-	732
Nil (2018 - 1,478,822) Deferred shares of £1.00 each	-	1,478,822
11,450 (2018 - Nil) Ordinary shares of £1.00 each	11,450	-
	11,450	1,489,778

On 19 November 2018, the Company repurchased and cancelled 1,478,822 £1 Deferred shares, resulting in the creation of the capital redemption reserve.

On 19 November 2018, the Ordinary A shares, Ordinary B shares, Ordinary C shares and Ordinary D shares were redesignated as Ordinary shares.

Ordinary shares rank pari passu in all respects.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

22. Reserves

The Group has the following reserves:

Share premium account

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

23. Share based payments

Inzpire Group Limited Enterprise Management Incentive Share Option Plan

As at 31 March 2019, a total of Nil (31 August 2018 - 1,200) share options had been granted by Inzpire Group Limited to Nil (2018: 95) employees of a subsidiary company, Inzpire Limited, under the Inzpire Group Limited Enterprise Management Incentive Share Option Plan to take up ordinary shares in the ultimate parent company.

A right to exercise the Option shall arise if any person or persons seek to obtain or obtain control of the Company as a result of making an offer to acquire more than 50% of the issued share capital of the Company within a ten year period.

36 of the options granted in relation to 7 employees (2018 - 32 options in relation to 6 employees) were forfeited during the period due to employees leaving the Group. On 19 November 2018, as a result of the acquisition by QinetiQ Group plc of 85% of the shares of Inzpire Group Limited, the remaining 1,164 options granted in relation to 89 employees were exercised.

494 of these options were for employees to take up new ordinary shares in the ultimate parent company and 670 of the options were for employees to purchase existing ordinary shares.

The Directors do not consider the fair value of the options to be material and so they have not been included in the financial statements.

QinetiQ Group plc Restricted Stock Plan

On 30 November 2018, a total of 399,708 shares were granted by QinetiQ Group plc, the ultimate parent company, to 136 employees of Inzpire Limited. The fair value of the shares on the grant date was £2.97.

355,722 of the shares issued to 136 employees will vest after two years on 30 November 2020 subject to continued employment to the vesting date. 43,986 of the shares issued to 6 employees will vest after two years on 30 November 2020 subject to EBITDA performance conditions and continued employment to the vesting date.

Inzpire Group Limited

Notes to the financial statements For the 7 month period ended 31 March 2019

24. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £234,962 (2018 - £296,078), of which £10,036 (2018 - £24,972) has been capitalised during the period. Contributions totalling £48,098 (2018 - £40,430) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 March 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2019 £	Group 31 August 2018 £
Not later than 1 year	64,596	64,596
Later than 1 year and not later than 5 years	10,403	48,084
	<u>74,999</u>	<u>112,680</u>

26. Related party transactions

In accordance with FRS102 s.33.1A, the Company has not disclosed transactions with other Group entities where 100% of the voting rights are controlled by the Group and the consolidated accounts are publicly available.

Purchases of £Nil (2018 - £39,729) were made during the period/year by Inzpire Limited from a company whose major shareholder is also a Director of the Group. At 31 March 2019, £Nil funds were due to the Company (31 August 2018 - £7,250).

27. Controlling party

In the opinion of the directors, prior to 19 November 2018 there was no ultimate controlling party.

On 19 November 2018 the Group was acquired by QinetiQ Group plc who is now the ultimate controlling party.