

Registration number: 04101777

# Innovise Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2016

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## **Innovise Limited**

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## **Innovise Limited**

### **Company Information**

#### **Chief executive**

M Taylor

#### **Directors**

M Taylor

A Edwards

P Trendell

#### **Company secretary**

A Edwards

#### **Registered office**

Keypoint  
17-23 High Street  
Slough  
SL1 1DY

#### **Solicitors**

BPE Solicitors LLP  
St James' House  
St James' Square  
Cheltenham  
GL50 3PR

#### **Bankers**

HSBC Bank plc  
18 North Street  
Bishops Cleeve  
CM23 2LP

#### **Auditors**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

#### **Website**

[www.innovise.com](http://www.innovise.com)

## **Innovise Limited**

### **Chief Executive's Review for the Year Ended 30 September 2016**

#### **Highlights**

- Organic sales growth of 13%, including 10% growth in recurring revenues: £7.9 million (prior year - £7.0 million)\*
- Operating profit of £0.44 million (prior year - £0.58 million)\* and an increase in underlying profits from £0.24 million to £0.44 million\*\*
- Net cash of £0.7 million (prior year – net debt of £0.1 million) with over 100% conversion of profit into cash

I am glad to report a robust set of numbers, with solid organic revenue growth, strong profit growth and consistent cash generation. The business has performed well since the demerger of Innovise ESM and both of our divisions grew profitably during 2016.

As we stated in our 2015 report, we continue to look at opportunities to exit parts of the business that do not fit with our long term growth plans. As a result, in January 2017 we entered into a transaction to exit non-core activities from Innovise Software, which is recognised as a post balance sheet event in the 2016 accounts, and provides a further improvement in our focus as well as adding further to our net cash position.

As a Board, we continue to position the business for long-term, sustainable value creation and intend to prioritise long term growth investment over medium term profit maximisation. We believe this will optimise the value for all stakeholders and ensure our continued success. Nonetheless, we are aware that some investors will have a shorter horizon than others. Therefore, we have decided to use some of our net cash to make an offer to shareholders to sell their shares to the Company, in order to create some liquidity for shares and to concentrate ownership in the hands of investors with a long-term horizon.

#### **Financial**

Total turnover of continuing businesses for the year rose 13% to £7.9 million.

The recurring element of continuing sales increased by 10%, from £5.1 million in 2015 to £5.6 million in 2016 and now accounts for 70% of annual revenues.

Continuing operating profit before net finance costs and tax was down at £0.44 million versus £0.58 million in the prior year. However, the previous year included an R & D tax credit of £0.34 million, which was not repeated in 2016. The underlying performance excluding this tax credit shows profit up from £0.24 million to £0.44 million, an increase of 83%.

Profit after interest and tax from continuing operations was £0.39 million compared to a profit of £0.50 million in 2015.

Innovise also places great emphasis on maximising cash conversion, and has historically converted a high proportion of its profits into cash. Cash conversion\*\*\* for the current year was once again more than 100%.

The year ended with net cash of £0.7 million versus net debt of £0.1 million in September 2015. The cash position has improved further following the post-balance sheet exit of non-core activities from Innovise Software.

In order to maximise cash available for further investment in profitable growth, the Board is not recommending payment of an ordinary dividend.

## **Innovise Limited**

### **Chief Executive's Review for the Year Ended 30 September 2016**

#### **Investment strategy**

Innovise is committed to maximising the return on capital and the careful investment of its free cash flow. Each year Innovise converts approximately 100% of its profits into cash, which is then available to support further value growth for all stakeholders.

Our reported profitability is presented after material organic investment in the operations of the business. Over recent years we have progressively increased the investment in product R&D and this will continue. In addition, we have provided operational resources to improve our service quality, transition our software to a SaaS delivery model and scale up sales and marketing globally.

In 2016 we leased a new office for Innovise Software in Brierley Hill and in 2017 we have invested in a new facility for Cortex in Southampton. Both investments have provided a transformation of working environment and space to support future staff growth.

Our strategy is to balance this process of increased organic investment with reported profitability over the long term. In recent years, our shift from a position of net debt to net cash has enabled the Board to take a longer-term view of investments, to take greater risk and to prioritise long term growth over medium term profitability.

This extended horizon for our investment strategy is best supported by investors with a similar long term horizon. Therefore, the Board has decided to make a tender offer to all shareholders to provide an exit route for those with a shorter-term horizon and to align the interests of investors with the strategy of the leadership team. The Board believes this is a good use of available cash and restores some liquidity for investors.

#### **Outlook**

The business performed well in 2016 and this has continued into 2017, supported by further investment across the business.

I have every confidence that 2016/7 will be a successful year for Innovise, our excellent workforce, and all of us who have invested in the company.

I would like to thank everyone in the Innovise team for their important contributions throughout a very eventful year. Their collective dedication, talent and resourcefulness are essential to our future success.

**Mike Taylor**  
Chief Executive Officer

Date: 9 May 2017

\*figures based on continuing operations

\*\*underlying profit excluding the contribution from R&D tax credits

\*\*\*Cash conversion is defined as:

Cash from operating activities less purchase of plant and equipment as a percentage of operating profit before amortisation of intangible assets

## **Innovise Limited**

### **Directors Report for the Year Ended 30 September 2016**

The directors present their report and the consolidated financial statements for the year ended 30 September 2016.

#### **Directors of the group**

The directors who held office during the year were as follows:

M Taylor - Chief executive

A Edwards - Company secretary and director

P Trendell

#### **Research and development**

Research expenditure incurred on the group's software products has been expensed to the income statement in the relevant period.

Software development costs of £324,000 (2015 - £570,000) have been capitalised during the year and are being amortised over a period of 2 years.

#### **Directors liabilities**

During the financial year, a qualifying third party indemnity provision for the benefit of three directors was in force.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

A resolution to reappoint Hazlewoods LLP as external auditors will be proposed at the Annual General Meeting.

Approved by the Board on <sup>9 MAY 2017</sup>..... and signed on its behalf by:



.....  
A Edwards  
Company secretary and director

## **Innovise Limited**

### **Strategic Report for the Year Ended 30 September 2016**

The directors present their strategic report for the year ended 30 September 2016.

#### **Fair review of the business**

The company is required by the Companies Act to set out a fair review of the business of the group during the financial year ended 30 September 2016 and of the position of the group at the end of the year.

This is contained within the Chief Executive Report on pages 2 to 3. This review document sets out the group strategies, analyses its performance, position and key operational results used by management to monitor performance.

#### **Principal risks and uncertainties**

The group uses various financial instruments including loans, cash, loan stock and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The directors review and agree policies for managing each of these risks, which are detailed in note 5.

Commercial risks include the performance of acquisitions, sustaining quality of service delivery, technical obsolescence and staff retention. The directors continuously monitor these and other risks.

Approved by the Board on 9 May 2017 and signed on its behalf by:



A Edwards  
Company secretary and director

## **Innovise Limited**

### **Statement of Directors' Responsibilities**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Innovise Limited**

### **Independent Auditor's Report**

We have audited the financial statements of Innovise Limited for the year ended 30 September 2016, set out on pages 9 to 48. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- the financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with IFRS's adopted by the European Union as applied in accordance with the provision of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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


## **Innovise Limited**

### **Independent Auditor's Report**

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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

  
.....  
David Main (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date: 9 May 2017

# Innovise Limited

## Consolidated Income Statement and Statement of Comprehensive Income for the Year Ended 30 September 2016

		2016	2015
		£	(As restated) £
<b>Continuing operations</b>	<b>Note</b>		
Revenue		7,950,456	7,024,034
Cost of sales		<u>(1,320,127)</u>	<u>(1,257,349)</u>
Gross profit		6,630,329	5,766,685
Administrative expenses		(6,203,845)	(5,529,182)
Other operating income	7	<u>16,345</u>	<u>344,109</u>
Operating profit	8	442,829	581,612
Net finance cost	9	(28,617)	(63,516)
Share of profit of equity accounted investees		<u>6,020</u>	<u>-</u>
Profit before tax		420,232	518,096
Income tax expense	13	<u>(34,812)</u>	<u>(19,257)</u>
Profit for the year from continuing operations		<u>385,420</u>	<u>498,839</u>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		<u>-</u>	<u>7,071</u>
Profit for the year		<u>385,420</u>	<u>505,910</u>
<b>Profit attributable to:</b>			
Owners of the company		<u>385,420</u>	<u>505,910</u>

In the current period, the above results were all derived from continuing operations.

The notes on pages 18 to 48 form an integral part of these financial statements.

**Innovise Limited**

(Registration number: 04101777)

**Consolidated Statement of Financial Position as at 30 September 2016**

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	4,486,924	4,501,924
Property, plant and equipment	15	322,519	256,237
Investments	16	6,121	51
Deferred tax assets	13	24,081	24,081
		<u>4,839,645</u>	<u>4,782,293</u>
<b>Current assets</b>			
Inventories		4,611	4,202
Trade and other receivables	17	2,519,039	2,404,813
Income tax asset		-	307,033
Cash and cash equivalents	18	1,268,217	478,942
		<u>3,791,867</u>	<u>3,194,990</u>
Total assets		<u>8,631,512</u>	<u>7,977,283</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	224,467	224,467
Capital redemption reserve		124,996	124,996
Other reserves	20	(919,359)	(919,359)
Retained earnings		4,637,252	4,251,832
Equity attributable to owners of the company		4,067,356	3,681,936
Non-controlling interests		8,000	8,000
Total equity		<u>4,075,356</u>	<u>3,689,936</u>

The notes on pages 18 to 48 form an integral part of these financial statements.

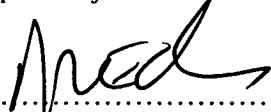
# Innovise Limited

(Registration number: 04101777)

## Consolidated Statement of Financial Position as at 30 September 2016

	Note	2016 £	2015 £
<b>Non-current liabilities</b>			
Loans and borrowings	21	509,599	553,729
Provisions	22	115,000	95,000
Deferred tax liabilities	13	-	2,674
		<u>624,599</u>	<u>651,403</u>
<b>Current liabilities</b>			
Trade and other payables	24	1,285,509	1,179,177
Loans and borrowings	21	44,465	42,458
Income tax liability		35,841	321
Deferred income		<u>2,565,742</u>	<u>2,413,988</u>
		<u>3,931,557</u>	<u>3,635,944</u>
Total liabilities		<u>4,556,156</u>	<u>4,287,347</u>
Total equity and liabilities		<u>8,631,512</u>	<u>7,977,283</u>

Approved by the Board on 9 May 2017 and signed on its behalf by:



A Edwards

Company secretary and director

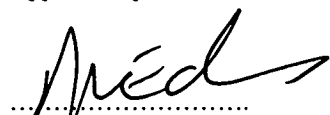
The notes on pages 18 to 48 form an integral part of these financial statements.

# Innovise Limited

## (Registration number: 04101777) Statement of Financial Position as at 30 September 2016

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	47,212	73,013
Investments in subsidiaries, joint ventures and associates	16	1,036,229	1,036,229
		<u>1,083,441</u>	<u>1,109,242</u>
<b>Current assets</b>			
Trade and other receivables	17	2,395,999	3,082,654
Cash and cash equivalents	18	727,654	356,261
		<u>3,123,653</u>	<u>3,438,915</u>
Total assets		<u>4,207,094</u>	<u>4,548,157</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	224,467	224,467
Capital redemption reserve		124,996	124,996
Other reserves	20	1,337,723	1,337,723
Retained earnings		1,915,596	1,910,891
Total equity		<u>3,602,782</u>	<u>3,598,077</u>
<b>Non-current liabilities</b>			
Loans and borrowings	21	509,599	553,729
Provisions	22	30,000	30,000
Deferred tax liabilities	13	-	2,674
		<u>539,599</u>	<u>586,403</u>
<b>Current liabilities</b>			
Trade and other payables	24	20,248	321,219
Loans and borrowings	21	44,465	42,458
		<u>64,713</u>	<u>363,677</u>
Total liabilities		<u>604,312</u>	<u>950,080</u>
Total equity and liabilities		<u>4,207,094</u>	<u>4,548,157</u>

Approved by the Board on 9 May 2017 and signed on its behalf by:



A Edwards

Company secretary and director

The notes on pages 18 to 48 form an integral part of these financial statements.

**Innovise Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 30 September 2016**

	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 October 2014	349,461	-	(902,607)	5,422,719	4,869,573	-	4,869,573
Total comprehensive income	-	-	-	505,910	505,910	-	505,910
New share capital subscribed	2	-	-	-	2	-	2
Purchase of own share capital	(124,996)	124,996	(16,752)	(100)	(16,852)	-	(16,852)
Share issue to non-controlling interest	-	-	-	-	-	8,000	8,000
Dividend in specie	-	-	-	(1,676,697)	(1,676,697)	-	(1,676,697)
At 30 September 2015	224,467	124,996	(919,359)	4,251,832	3,681,936	8,000	3,689,936
	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 October 2015	224,467	124,996	(919,359)	4,251,832	3,681,936	8,000	3,689,936
Total comprehensive income	-	-	-	385,420	385,420	-	385,420
At 30 September 2016	224,467	124,996	(919,359)	4,637,252	4,067,356	8,000	4,075,356

The notes on pages 18 to 48 form an integral part of these financial statements.

**Innovise Limited**

**Statement of Changes in Equity for the Year Ended 30 September 2016**

	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 October 2014	349,461	-	1,354,475	1,827,752	3,531,688
Total comprehensive income	-	-	-	194,739	194,739
New share capital subscribed	2	-	-	-	2
Purchase of own share capital	(124,996)	124,996	(16,752)	(100)	(16,852)
Dividend in specie	-	-	-	(111,500)	(111,500)
At 30 September 2015	224,467	124,996	1,337,723	1,910,891	3,598,077
	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 October 2015	224,467	124,996	1,337,723	1,910,891	3,598,077
Total comprehensive income	-	-	-	4,705	4,705
At 30 September 2016	224,467	124,996	1,337,723	1,915,596	3,602,782

The notes on pages 18 to 48 form an integral part of these financial statements.



# Innovise Limited

## Consolidated Statement of Cash Flows for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the year		385,420	505,910
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		532,719	451,874
Profit on disposal of property plant and equipment		(6,050)	-
Finance income		(2,772)	(23,171)
Finance costs		31,389	86,687
Share based payment transactions		-	4,000
Other income		(16,345)	(344,109)
Share of profit of equity accounted investees		(6,020)	-
Income tax expense	13	34,812	19,257
		953,153	700,448
<b>Working capital adjustments</b>			
Increase in inventories		(408)	(1,030)
(Increase) / decrease in trade and other receivables		(114,226)	124,110
Increase / (decrease) in trade and other payables		258,037	(828,692)
Increase in provisions	22	20,000	-
Cash generated from operations		1,116,556	(5,164)
Income taxes received		321,412	122,905
Net cash flow from operating activities		1,437,968	117,741
Net cash flow from continuing operating activities		1,437,968	726,643
Net cash flow from discontinued operating activities		-	(608,902)
Net cash flow from operating activities		1,437,968	117,741
<b>Cash flows from investing activities</b>			
Interest received	9	2,772	23,171
Acquisitions of property plant and equipment		(260,001)	(23,925)
Proceeds from sale of property plant and equipment		6,050	-
Acquisition of intangible assets		(324,000)	(570,000)
Repayment of intra-group indebtedness by de-merged company following group demerger		-	1,139,000
Cash balances leaving group on demerger		-	(26)
Net cash flows from investing activities		(575,179)	568,220
Net cash flow from continuing investing activities		(575,179)	562,681
Net cash flow from discontinued investing activities		-	5,539
Net cash flow from investing activities		(575,179)	568,220

The notes on pages 18 to 48 form an integral part of these financial statements.

# Innovise Limited

## Consolidated Statement of Cash Flows for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Cash flows from financing activities</b>			
Interest paid	9	(31,389)	(153,903)
Proceeds from issue of Ordinary shares, net of issue costs		-	4,000
Payments for purchase of own shares		-	(16,852)
Repayment of bank borrowing		-	(1,981,513)
Proceeds from issue of shares classified as liabilities		-	475,000
Payments to finance lease creditors		(42,125)	(40,038)
Net cash flows from financing activities		(73,514)	(1,713,306)
Net increase/(decrease) in cash and cash equivalents		789,275	(1,027,345)
Cash and cash equivalents at 1 October		478,942	1,506,287
Cash and cash equivalents at 30 September		1,268,217	478,942

The notes on pages 18 to 48 form an integral part of these financial statements.

# Innovise Limited

## Statement of Cash Flows for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the year		4,705	194,739
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		25,800	25,800
Finance income		(928)	(925)
Finance costs		31,389	66,020
Income tax expense		9,834	9,144
		<u>70,880</u>	<u>294,778</u>
Working capital adjustments			
Decrease in trade and other receivables		686,657	5,059,873
Decrease in trade and other payables		<u>(313,478)</u>	<u>(3,726,150)</u>
Net cash flow from operating activities		443,979	1,628,501
<b>Cash flows from investing activities</b>			
Interest received		928	925
Acquisitions of investments		-	(1,000,000)
Repayment of intra-group indebtedness by de-merged company following group demerger		<u>-</u>	<u>1,139,000</u>
Net cash flows from investing activities		928	139,925
<b>Cash flows from financing activities</b>			
Interest paid		(31,389)	(66,020)
Proceeds from issue of Ordinary shares, net of issue costs		-	2
Payments for purchase of own shares		-	(16,852)
Repayment of bank borrowing		-	(1,981,513)
Proceeds from issue of shares classified as liabilities		-	475,000
Payments to finance lease creditors		<u>(42,125)</u>	<u>(40,038)</u>
Net cash flows from financing activities		<u>(73,514)</u>	<u>(1,629,421)</u>
Net increase in cash and cash equivalents		371,393	139,005
Cash and cash equivalents at 1 October		<u>356,261</u>	<u>217,256</u>
Cash and cash equivalents at 30 September		<u>727,654</u>	<u>356,261</u>

The notes on pages 18 to 48 form an integral part of these financial statements.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

Keypoint  
17-23 High Street  
Slough  
SL1 1DY

Innovise is a Software company with two business units: Innovise Software and Cortex. Innovise Software provides Workforce Management and Compliance Management Software for the Facilities Management industry. Cortex enables organisations to create smart autonomous operations using Cortex intelligent automation.

#### **2 Accounting policies**

##### **Statement of compliance**

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") and therefore the group financial statements comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in this note below.

This is the first period that the parent company has applied IFRS. There are no transitional adjustments as a result of adopting IFRS. IFRS was adopted in preparing the consolidated financial statements in previous years.

##### **Non-mandatory new accounting requirements not yet adopted**

The following applicable new accounting standards have been issued. However, these new accounting requirements are not yet mandatory and have not yet been adopted. All other non-mandatory new accounting requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the group and consequently have neither been adopted, nor listed.

##### **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is applicable to annual reporting periods beginning on or after 1 January 2019, however it has not yet been endorsed for use in the EU.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 30 September each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### **Business combinations**

The acquisition and disposal of subsidiaries is accounted for using the purchase method. The cost of the acquisition and the proceeds from disposals are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

During the prior year the Group disposed of its ESM division by way of de-merger by dividend in specie. Operating results are consolidated to the date of de-merger. The dividend in specie is reflected at the fair value in the ordinary shares in Innovise Limited effectively foregone by management shareholders in lieu of the distribution in specie, which was considered to reflect the fair value of the assets distributed.

##### **Goodwill**

Goodwill on acquisitions comprises the excess of the aggregate of the fair values of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

##### **Prior period restatement**

A prior period restatement is reflected to reclassify Research & Development tax enhancements as other income from income tax for comparability with the treatment in the current period. There is no effect on the prior period results nor the brought forward reserves of the Group.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

The group derives revenue from the sale of software licences, hardware, support and installation, project management and other services. These revenue components are often entered into as part of a single transaction, however, each element of the contract is separable and the fair value associated with each element can be reliably measured.

Revenue is recognised as follows:

- licence revenue is recognised on invoicing or when the software and licence key have been delivered whichever is later;
- hardware revenue is recognised on delivery to the customer;
- services and training are recognised as and when performed;
- project revenue is recognised based on the proportion of the total contract completed, if the final outcome can be assessed with reasonable certainty. The proportion is calculated as costs incurred over total expected costs, applied to total contract value; and
- SaaS subscription and support and maintenance are recognised straight-line over the period of cover to which they relate.

Amounts billed in excess of revenue recognised are recorded as deferred revenue and are included within current liabilities. Unbilled revenue is included within receivables and accrued income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below).

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

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

##### **Tax**

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

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 group operates and generates taxable income.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives on a straight line basis, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings short leasehold	over the period of the lease
Office equipment	20% - 33%
Fixtures and fittings	10% - 20%
Motor vehicles	25%

##### **Intangible assets**

Intellectual property rights acquired are initially recorded at cost and are written off over five years on a straight line basis, being their estimated useful life.

When an acquisition of a business is made, a review is undertaken to identify non-monetary assets that meet the definition under IAS 38: Intangible assets. In respect of acquisitions made in the period since transition to IFRS, customer relationships were recognised as being separately identifiable. The fair value was determined on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties.

Customer relationships are amortised over their useful economic life of five years on a straight line basis.

##### **Research and development**

Research expenditure is written off in the year in which it is incurred.

Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit from the project. The current capitalised expenditure is being amortised over a period of two years.



## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Impairment of property, plant and equipment and intangible assets excluding goodwill**

At each balance sheet date, the group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Defined contribution pension obligation**

The company operates money purchase pension scheme arrangement for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

##### **Financial instruments**

Financial instruments are classified and account for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instruments is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

##### **Trade receivables**

Trade receivables are measured at initial recognition at fair value which is the original invoiced amount less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

##### **Investments**

Investments in subsidiaries are held in the company balance sheet at cost less any provisions for impairment. The company has taken advantage of merger relief provisions given in company law in respect of shares issued in exchange for shares in wholly owned subsidiary companies and has not reflected a share premium on the issue of these shares.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### **Derivatives and hedging**

It is the group's policy not to trade in derivative financial instruments. It had no other derivatives during the year or previous financial year.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised costs, using the effective interest rate method only if materially different from the initially measured value.

##### **Provisions**

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **2 Accounting policies (continued)**

##### **Share based payments**

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) 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 group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

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

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

##### **Critical judgments in applying the group's accounting policies**

In the process of applying the group's accounting policies, which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

##### **Identification and measurement of separate intangible assets acquired in a business combination**

IFRS 3: Business combinations require the acquirer to recognise separately an intangible asset of the acquiree at the acquisition date if it meets the definition of an intangible asset in IAS 38: Intangible assets and its fair value can be measured reliably.

IAS 38 defines an intangible asset as "an identifiable non-monetary asset without physical substance". An asset meets the identifiability criterion in the definition only if it:

- a) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- b) arises from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

IFRS 3 requires the acquirer to determine the fair value of intangibles by reference to an active market as defined in IAS 38; or if no active market exists, on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties, based on the best information available.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **3 Critical accounting judgements and key sources of estimation uncertainty (continued)**

The separate intangible assets acquired as part of business combinations effected after the transition to IFRS are customer relationships arising from customer maintenance and support agreements (contractual customer relationships) and intellectual property.

The values of the contractual customer relationships were estimated using an "excess earnings income approach"; by estimating the cash flows expected to be generated from the relationships net of a reasonable return on other assets also contributing to that stream of cash flows, discounted at an appropriate rate of return. This requires the entity to estimate the future cash flows and a suitable discount rate in order to calculate present value.

The value of the intellectual property is based on the estimated equivalent current value of the development costs.

#### **Impairment of goodwill**

The group tests annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions and estimates for the value in use calculations are those regarding the discount rates, growth rates and expected changes to sales during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to cash-generating units.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management (which take into account past experience, recent trends and industry growth forecasts) for the next three years, and extrapolates cash flows for subsequent years assuming nominal growth.

The carrying amount of goodwill as at 30 September 2016 is £4,026,924. The directors also conducted an impairment review of the Innovise Software division and are satisfied that goodwill in that division is not impaired.

The key assumptions used in the consideration of the carrying amount of goodwill are set out in note 14.

#### **Share-based payments**

The group has made awards of options over its unissued share capital to certain employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions are described in more detail in note 23.

#### **Income recognition**

As set out in the accounting policy note, revenue is recognised as contract activity progresses and the right to consideration is earned, reflecting time and costs incurred as a percentage of total anticipated costs.

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **4 Discontinued operations**

##### **Disposal of Innovise ESM Limited**

On 31 March 2015, the group disposed of Innovise ESM Holdings Limited and its subsidiary Innovise ESM Limited which formed part of the group's Enterprise Services Management operations.

Shares held in the Innovise Limited group by J McKenna, M Middleton and S Hart (together the ESM directors) were redesignated as ordinary D shares. The shares held in Innovise ESM Holdings Limited by Innovise Limited were then transferred to the ESM directors by way of a distribution in specie, as calculated below. Innovise Limited then acquired the 12,499,599 ordinary D shares of 1p each held by the ESM directors for total consideration of £100.

	£
Goodwill	2,825,000
Property, plant and equipment	933
Current assets	2,675,192
Indebtedness to Innovise Limited	(1,339,000)
Current liabilities	(2,485,428)
Distribution in specie	<u>1,676,697</u>

The indebtedness to Innovise Limited was settled following the de-merger.

The profit of the discontinued operations has been included in the comparative amounts in the consolidated income statement. The results of the discontinued operations were as follows:

	2015 £
Revenue	5,061,983
Expenses	<u>(5,024,912)</u>
Profit before tax	37,071
Tax expense relating to profit before tax of discontinued operations	<u>(30,000)</u>
Net profit attributable to discontinued operations	<u>7,071</u>

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **4 Discontinued operations (continued)**

The cash flows in the comparative amounts in respect of the disposed group were:

	2015 £
Net cash flows from operating activities	(608,902)
Return on investments and servicing of finance	5,539
Decrease in cash	<u>(603,363)</u>

#### **5 Financial risk management**

The group is exposed to risks arising from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents, trade and other payables, and financial liabilities.

The group is exposed through its operations to the following financial instrument risks: credit risk, liquidity risk, interest rate risk and foreign currency risk. The policy for managing these risks is set by the Board. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

##### *Credit risk*

Credit risk arises from the group's trade receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The group is mainly exposed to credit risk from credit sales. It is group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are then factored into the credit assessment process to determine the appropriate credit limit for each customer. The group does not enter into derivatives to manage credit risk.

All cash is held with AA-rated banks.

Other than cash held by the group's bank at 30 September 2016 there are no other significant concentrations of credit risk within the group at the balance sheet date.

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 5 Financial risk management (continued)

There is no difference between the total carrying amount of trade receivables and cash and cash equivalents and the group's maximum credit risk exposure. The maximum credit risk exposure at 30 September 2016 was:

	2016	2015
	£	£
Trade receivables	1,822,428	1,714,520
Other receivables	59,523	250,271
Accrued income	219,959	90,286
Cash and cash equivalents	1,268,217	478,942
	<u>3,370,127</u>	<u>2,534,019</u>

#### *Liquidity risk*

Liquidity risk arises from the group's management of working capital and the finance charges on its borrowings. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity of each group company is managed locally and monitored by the Board at group level. The level of the group's facilities is approved periodically by the Board and negotiated with the group's current bankers. At the balance sheet date, cash flow projections were considered by the Board and the group is forecast to have sufficient funds and available funding facilities to meet its obligations as they fall due, under all reasonably expected circumstances.

We continue to monitor the working capital requirements and tailor the financing requirements to ensure the group will have sufficient funds to finance its ongoing trading activities.

#### Financial liability maturity analysis

At 30 September 2016	Less than 6 months	6 months to 1 year	1 year to 5 years	Total
	£	£	£	£
Trade and other payables	1,285,509	-	-	1,285,509
Finance lease obligations	21,785	22,680	34,599	79,064
Redeemable preference shares	-	-	475,000	475,000
Total	<u>1,307,294</u>	<u>22,680</u>	<u>509,599</u>	<u>1,839,573</u>

At 30 September 2015	Less than 6 months	6 months to 1 year	1 year to 5 years	Total
	£	£	£	£
Trade and other payables	1,179,177	-	-	1,179,177
Finance lease obligations	20,706	21,752	78,729	121,187
Redeemable preference shares	-	-	475,000	475,000
Total	<u>1,199,883</u>	<u>21,752</u>	<u>553,729</u>	<u>1,775,364</u>

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 5 Financial risk management (continued)

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Sensitivity analysis: A one percentage point change in bank base rate would result in a change in finance cost of £5,000 (2015 - £5,000).

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The directors consider that reasonably possible changes in the relevant exchange rates would not have a significant effect on the group's operations.

The debtor and cash balances denominated in foreign currency at the year end represent approximately 2% of annual turnover and the directors consider that changes in the relevant exchange rates are unlikely to have a significant effect on the group's operations.

Included within the financial statements at 30 September 2016 are the following amounts that are denominated in foreign currencies:

	US Dollar	Euros	Other	Total
	£	£	£	£
Trade receivables	424,963	333,408	1,306	759,677
Cash and cash equivalents	5,549	21,087	-	26,636
				<u>786,313</u>

##### **Financial assets**

The group has the following financial assets, all of which are classified as loans and receivables:

	2016	2015
	£	£
Trade and other receivables	2,101,910	2,055,077
Cash and cash equivalents	1,268,217	478,942
	<u>3,370,127</u>	<u>2,534,019</u>

Further details of these items can be found in notes 17 and 18. The fair value of all financial assets is considered to be equal to their carrying amounts.



## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **5 Financial risk management (continued)**

##### **Financial liabilities**

The group has the following financial liabilities:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
At amortised cost:		
Trade and other payables	1,285,509	1,179,179
Finance lease obligations	79,064	121,187
Other loans	475,000	475,000
	<u>1,839,573</u>	<u>1,775,366</u>

The fair value of all financial liabilities is considered to be equivalent to their carrying amount.

##### **Managing capital**

The group is both equity and debt funded and these two elements combine to make up the capital structure of the business. Equity comprises share capital and reserves and is equal to the amount shown as "Total Equity" in the balance sheet. Debt comprises non-convertible loan stock and other loans as set out in note 21.

The group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The group sets the amount of capital it requires in proportion to risk. The group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

During the year ended 30 September 2016, the group's strategy, which was unchanged from the previous year, was to keep net debt to a minimum, through profitable trading and good cash management.

#### **6 Profit dealt with in the profit and loss account of the parent company**

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year.

Innovise Limited reported a profit for the financial year ended 30 September 2016 of £4,705 (2015 - £194,739).

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 7 Other operating income

The other operating income earned by the group relates to Research and Development tax credits of £16,365 (2015 - £344,109).

#### 8 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	193,719	226,874
Amortisation expense	339,000	225,000
Research and development cost	1,404,131	1,005,906
Equity-settled share-based payments	-	4,000
Foreign exchange gains	(23,445)	(21,030)
Operating lease expense - property	93,226	95,950
Profit on disposal of property, plant and equipment	(6,050)	-

#### 9 Finance income and costs

	2016	2015
	£	£
<b>Finance income</b>		
Interest income on bank deposits	1,639	1,442
Other finance income	1,133	1,062
Discount on early repayment of redeemable loan stock	-	20,667
<b>Total finance income</b>	<b>2,772</b>	<b>23,171</b>
<b>Finance costs</b>		
Interest on obligations under finance leases and hire purchase contracts	(5,192)	(7,278)
Interest expense on other financing liabilities	-	(8,750)
Interest on non-convertible loan stock	-	(48,542)
Redeemable preference share dividend	(26,197)	(22,117)
<b>Total finance costs</b>	<b>(31,389)</b>	<b>(86,687)</b>
<b>Net finance costs</b>	<b>(28,617)</b>	<b>(63,516)</b>

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	4,006,179	5,397,733
Social security costs	404,227	614,597
Pension costs, defined contribution scheme	86,418	198,245
	<u>4,496,824</u>	<u>6,210,574</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Management and administration	8	12
Development, service and support	65	82
Sales and marketing	15	21
	<u>88</u>	<u>115</u>

#### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	269,601	386,096
Contributions paid to money purchase schemes	18,000	42,500
	<u>287,601</u>	<u>428,596</u>
Other:		
Social security contributions	21,082	78,221
Total cost of employment	<u>308,683</u>	<u>506,817</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	2	5

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	180,611	178,596
Company contributions to money purchase pension schemes	<u>9,000</u>	<u>9,000</u>

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 11 Directors' remuneration (continued)

Directors' remuneration above relates to remuneration paid to the directors of the parent company by any group company for the periods for which they were directors thereof.

One director holds options over 3,226,667 B shares at an exercise price of 0.0001p each with an exercise value of £3.23. The options have vested and must be exercised by May 2025.

During the prior year one director exercised EMI options over 583,333 B shares at an exercise price of 0.0001p.

The EMI options over 781,667 B shares were cancelled when a former director resigned and left the company

#### 12 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	12,000	12,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	15,000	20,000
	<u>27,000</u>	<u>32,000</u>
<b>Other fees to auditors</b>		
All other tax advisory services	<u>7,868</u>	<u>18,207</u>

#### 13 Income tax

Tax charged/(credited) in the income statement

	2016 £	2015 (as restated) £
<b>Current taxation</b>		
UK corporation tax	37,486	36,661
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>(2,674)</u>	<u>(17,404)</u>
Tax (receipt)/expense in the income statement	<u>34,812</u>	<u>19,257</u>

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 13 Income tax (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 – lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

	2016 £	2015 (as restated) £
Profit before tax	420,232	518,096
Corporation tax at standard rate	84,046	103,619
Tax effect of utilisation of tax losses not previously recognised as a deferred tax asset	-	(68,822)
Effect of depreciation and amortisation not deductible in determining taxable profit	97,823	1,509
Effect of expense not deductible in determining taxable profit (tax loss)	11,029	22,820
Effect of prior year tax losses utilised	(45,775)	(1,118)
Allowance for goodwill amortisation recognised in single entity company financial statements under UK GAAP but not recognised in consolidated financial statements	(40,498)	(37,551)
Tax treatment of revenue items capitalised/capital items expensed	(66,316)	-
Other differences (including effective change in tax rates)	(5,497)	(1,200)
Total tax charge	34,812	19,257

### Deferred tax

#### Group

Deferred tax assets and liabilities

	Asset £	Liability £	Net deferred tax £
<b>2016</b>			
Accelerated tax depreciation	24,081	-	24,081
	Asset £	Liability £	Net deferred tax £
<b>2015</b>			
Accelerated tax depreciation	24,081	(2,674)	21,407

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 13 Income tax (continued)

#### Group

Deferred tax movement during the year:

	At 1 October 2015 £	Recognised in income £	At 30 September 2016 £
Accelerated tax depreciation	21,407	2,674	24,081
Net tax assets	21,407	2,674	24,081

Deferred tax movement during the prior year:

	At 1 October 2014 £	Recognised in income £	Discontinued operations £	At 30 September 2015 £
Accelerated tax depreciation	2,939	29,344	(10,876)	21,407
Other items	14,143	(11,940)	(2,203)	-
Net tax assets/(liabilities)	17,082	17,404	(13,079)	21,407

#### Company

Deferred tax movement during the year:

	At 1 October 2015 £	Recognised in income £	At 30 September 2016 £
Accelerated tax depreciation	2,674	(2,674)	-
Net tax assets	2,674	(2,674)	-

Deferred tax movement during the prior year:

	At 1 October 2014 £	Recognised in income £	At 30 September 2015 £
Accelerated tax depreciation	5,020	(2,346)	2,674
Other items	(11,490)	11,490	-
Net tax assets/(liabilities)	(6,470)	9,144	2,674

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 14 Intangible assets

#### Group

	Goodwill £	Contractual customer relationships £	Intellectual property £	Internally generated software development costs £	Total £
<b>Cost or valuation</b>					
At 1 October 2014	6,851,924	2,170,000	500,000	-	9,521,924
Additions	-	-	-	570,000	570,000
Disposals	(2,825,000)	-	-	-	(2,825,000)
Eliminated at end of useful economic life	-	(2,170,000)	-	-	(2,170,000)
At 30 September 2015	4,026,924	-	500,000	570,000	5,096,924
At 1 October 2015	4,026,924	-	500,000	570,000	5,096,924
Additions	-	-	-	324,000	324,000
At 30 September 2016	4,026,924	-	500,000	894,000	5,420,924
<b>Amortisation</b>					
At 1 October 2014	-	2,148,333	391,667	-	2,540,000
Amortisation charge	-	21,667	108,333	95,000	225,000
Amortisation eliminated on disposals	-	(2,170,000)	-	-	(2,170,000)
At 30 September 2015	-	-	500,000	95,000	595,000
At 1 October 2015	-	-	500,000	95,000	595,000
Amortisation charge	-	-	-	339,000	339,000
At 30 September 2016	-	-	500,000	434,000	934,000
<b>Carrying amount</b>					
At 30 September 2016	4,026,924	-	-	460,000	4,486,924
At 30 September 2015	4,026,924	-	-	475,000	4,501,924
At 1 October 2014	6,851,924	21,667	108,333	-	6,981,924

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **14 Intangible assets (continued)**

The goodwill shown above is attributed to non-separable intangible assets including skilled workforces, opportunities to win new customers, and non-contractual customer relationships.

During the year the carrying value of goodwill was tested for impairment in accordance with IAS 36. All of the recoverable amounts were measured based on value in use.

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to business segment. All goodwill in the current and prior year is allocated to Innovise Software.

The recoverable amount of the Software CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the directors covering a period of three years with an underlying growth rate of 10% in year 1, 10% in year 2, and assuming no growth thereafter. The long-term growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates. A discount rate of 9% has been used, which is the directors' estimate of the risk adjusted cost of capital for a business of this type.

Management determines budgeted gross margins based on past performance and its expectations of market development. The discount rates used are the directors' estimate of the company's cost of capital as adjusted for an investment with a similar risk profile. A provision for impairment would be required for the Innovise Software CGU if the discount rate exceeded 14% or if the long-term growth rate was for negative growth of 8%.



# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 15 Property, plant and equipment

#### Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 October 2014	448,893	1,107,149	24,000	1,580,042
Additions	-	23,925	-	23,925
Disposed of with subsidiary undertaking	-	(242,270)	-	(242,270)
Disposals	-	(179,587)	-	(179,587)
At 30 September 2015	448,893	709,217	24,000	1,182,110
At 1 October 2015	448,893	709,217	24,000	1,182,110
Additions	226,247	33,754	-	260,001
Disposals	(280,886)	(25,149)	(24,000)	(330,035)
At 30 September 2016	394,254	717,822	-	1,112,076
<b>Depreciation</b>				
At 1 October 2014	255,866	840,057	24,000	1,119,923
Charge for year	78,977	147,897	-	226,874
Eliminated on disposal	-	(179,587)	-	(179,587)
Disposed of with subsidiary undertaking	-	(241,337)	-	(241,337)
At 30 September 2015	334,843	567,030	24,000	925,873
At 1 October 2015	334,843	567,030	24,000	925,873
Charge for the year	85,013	108,706	-	193,719
Eliminated on disposal	(280,886)	(25,149)	(24,000)	(330,035)
At 30 September 2016	138,970	650,587	-	789,557
<b>Carrying amount</b>				
At 30 September 2016	255,284	67,235	-	322,519
At 30 September 2015	114,050	142,187	-	256,237
At 1 October 2014	193,027	267,091	-	460,118

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016 £	2015 £
Fixtures, fittings and equipment	-	51,939

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 15 Property, plant and equipment (continued)

#### Company

	Short leasehold land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 October 2014, 30 September 2015 and 30 September 2016	181,796	12,867	194,663
<b>Depreciation</b>			
At 1 October 2014	93,600	2,250	95,850
Charge for year	22,800	3,000	25,800
At 30 September 2015	116,400	5,250	121,650
At 1 October 2015	116,400	5,250	121,650
Charge for the year	22,800	3,000	25,800
At 30 September 2016	139,200	8,250	147,450
<b>Carrying amount</b>			
At 30 September 2016	42,595	4,617	47,212
At 30 September 2015	65,396	7,617	73,013
At 1 October 2014	88,196	10,617	98,813

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 16 Investments

##### Group Investments

Cost	£
At 1 October 2014 and at 30 September 2015	51
Additions	50
Share of profits in year	6,020
30 September 2016	<u>6,121</u>

Investments are stated at cost and comprise shares in PASS Software Limited and Pass Recruitment Services Limited and the Group's share in the net assets of those companies, accounted for under the equity method.

##### Group subsidiaries

Details of the group subsidiaries as at 30 September 2016 are as follows:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
		2016	2015
Innovise S&S Holdings Limited*	England and Wales	100%	100%
Roster Management Limited	England and Wales	100%	100%
Ausped Limited	England and Wales	100%	100%
Innovise Solutions Limited	England and Wales	100%	100%
TimeGate IPR Limited	England and Wales	100%	100%
Innovise Software Limited	England and Wales	100%	100%
Innovise India Private Limited	India	0%	100%
RapidHost Limited	England and Wales	100%	100%
Identifile Systems Limited	England and Wales	100%	100%
Cortex Limited*	England and Wales	100%	100%
Innovise EBT Limited *	England and Wales	100%	100%

\* indicates direct investment of the Company

##### Subsidiary undertakings

All of the company's subsidiaries are dormant, with the exception of:

Innovise S&S Holdings Limited: Intermediate holding company

Innovise Software Limited and Cortex Limited: Software development business

The shares in Innovise Software Limited are held by Innovise S&S Holdings Limited.

The shares in Innovise India Private Limited are held by Innovise S&S Holdings Limited (99%) and Innovise Limited (1%).

The shares in Timegate IPR Limited, Roster Management Limited, Innovise Solutions Limited, RapidHost Limited and Identifile Systems Limited are held by Innovise Software Limited.

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 16 Investments (continued)

##### Group joint ventures

Details of the group joint ventures as at 30 September 2016 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2016	2015
PASS Software Limited	Software Development	England and Wales	50%	50%
PASS Recruitment Services Limited	Software Development	England and Wales	50%	0%

The shares in PASS Software Limited and PASS Recruitment Services Limited are held by Innovise Software Limited.

##### Company investments

##### Subsidiaries

£

##### Cost or valuation

At 1 October 2014	4,601,915
Additions	1,000,000
Distribution by way of demerger	<u>(111,500)</u>
At 30 September 2015 and 30 September 2016	5,490,415

##### Provision

At 1 October 2014, 30 September 2015 and 30 September 2016	<u>4,454,186</u>
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##### Carrying amount

At 30 September 2016	<u>1,036,229</u>
At 30 September 2015	<u>1,036,229</u>
At 1 October 2014	<u>147,729</u>

Details of the investments are as per those detailed for the group.

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 17 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade receivables	1,885,724	1,762,830	-	-
Provision for impairment of trade receivables	(63,296)	(48,310)	-	-
Net trade receivables	1,822,428	1,714,520	-	-
Receivables from subsidiary companies	-	-	2,344,801	2,832,385
Accrued income	219,959	90,286	-	-
Prepayments	417,129	349,736	-	-
Other receivables	59,523	250,271	51,198	250,269
Total current trade and other receivables	2,519,039	2,404,813	2,395,999	3,082,654

The average credit period taken on trade receivables is 59 days (2015 - 70 days). No interest is charged on receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services of £63,296, an increase of £14,986 over the previous year's allowance of £48,310. This allowance has been determined by reference to past default experience and expected non-recovery of existing debts.

Movements in the provision for impairment of trade receivables are as follows:

	£
At 1 October 2014	72,300
Provision for receivables impairment	39,577
Provision released	(63,567)
Provision at 30 September 2015	48,310
Provision for receivables impairment	14,986
Provision at 30 September 2016	63,296

As at 30 September 2016, trade and other receivables of £504,046 (2015 - £236,603) were past due but not impaired. The ageing analysis of these receivables was as follows:

	2016	2015
	£	£
30 - 60 days	221,533	44,955
60 - 90 days	55,421	57,416
90 - 120 days	135,802	74,382
More than 120 days	91,291	59,850
	504,046	236,603

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 18 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash on hand	560	497	-	-
Cash at bank	1,267,657	478,445	727,654	356,261
	<u>1,268,217</u>	<u>478,942</u>	<u>727,654</u>	<u>356,261</u>

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with an original maturity date of three months or less. The carrying amount of these assets approximates their fair value.

#### 19 Share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.01 each	22,446,470	224,465	22,446,470	224,465
B ordinary shares of £.000001 each	2,013,333	2	2,013,333	2
	<u>24,459,803</u>	<u>224,467</u>	<u>24,459,803</u>	<u>224,467</u>

All shares in issue at the end of each financial year carry the same rights in all respects other than the B ordinary shares do not participate in the first 12p per share of any return of assets on liquidation.

#### 20 Other reserves

Group	2016	2015
	£	£
Merger reserve	365,669	365,669
Reverse acquisition reserve	(918,040)	(918,040)
Own shares	(366,988)	(366,988)
	<u>(919,359)</u>	<u>(919,359)</u>
Company	2016	2015
	£	£
Merger reserve	507,354	507,354
Non-distributable profits reserve	1,197,357	1,197,357
Own shares	(366,988)	(366,988)
	<u>1,337,723</u>	<u>1,337,723</u>

## **Innovise Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **20 Other reserves (continued)**

##### **Merger Reserve**

	£
Balance at 1 October 2014, 30 September 2015 and 30 September 2016	365,669

The merger reserve relates to the notional premium on shares issued in exchange for shares in companies acquired, in which a holding of at least 90% of the equity share capital is acquired and hence merger relief under section 131 of the Companies Act 1985 and section 612 of the Companies Act 2006 is mandatory, whereby it is not a requirement to take the premium to share premium account.

The merger reserve arising on acquisitions relates to the premiums on shares issued in consideration for the acquisition of the entire share capital of Roster Management Limited and Innovise Solutions Limited.

##### **Reverse acquisition reserve**

This represents a non-distributable reserve arising from the application of the principles of reverse acquisition accounting for the business combination of Innovise plc and TimeGate Group Limited in February 2006.

##### **Own shares**

The own shares reserve represents the cost of shares in Innovise Limited purchased in the market and held by the Innovise Employee Benefit Trust to satisfy options under the group's share option schemes. On 25 April 2014 the Innovise Employee Benefit Trust acquired 94,818 shares for a total consideration of £9,532. On 22 September 2014 the Innovise Employee Benefit Trust acquired 15,000 shares for a total consideration of £1,510. The EBT acquired 166,667 shares during 2015 for a total consideration of £16,751. The number of ordinary shares held by the Employee Benefit Trust at 30 September 2016 was 2,916,062 (2015 - 2,916,062).

	£
Balance at 30 September 2014	350,236
Acquired in the period at cost	16,751
Balance at 30 September 2015 and 30 September 2016	366,987

# Innovise Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 21 Loans and borrowings

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Non-current loans and borrowings</b>				
Finance lease liabilities	34,599	78,729	34,599	72,729
Redeemable preference shares	475,000	475,000	475,000	475,000
	<u>509,599</u>	<u>553,729</u>	<u>509,599</u>	<u>553,729</u>

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Current loans and borrowings</b>				
Finance lease liabilities	<u>44,465</u>	<u>42,458</u>	<u>44,465-</u>	<u>42,458</u>

#### *Redeemable preference shares*

On 26 November 2014 475,000 preference shares of £1 each were issued for cash consideration of £475,000. These shares are non-voting and have a right to receive a fixed rate of interest at an annual rate equivalent to 5 percentage points above the base rate of HSBC from time to time. They are classified as liabilities as they are redeemable at the option of the company on or after 26 November 2016 and on or after 30 June 2018 at the option of the shareholders.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

### 22 Other provisions

#### **Group**

	<b>Dilapidations on leasehold property £</b>
At 1 October 2014 and 1 October 2015	95,000
Additional provisions	<u>20,000</u>
At 30 September 2016	<u>115,000</u>
Non-current liabilities	<u>115,000</u>

#### **Company**

	<b>Dilapidations on leasehold property £</b>
At 1 October 2014, 1 October 2015 and 30 September 2016	<u>30,000</u>
Non-current liabilities	<u>30,000</u>

The dilapidations provision represents management's best estimate of dilapidation costs accrued to date in respect of leasehold properties. It is expected that the dilapidation provision will become payable between May 2017 and September 2021.



## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 23 Share-based payments

##### Share option scheme

##### Scheme details and movements

The company has an EMI share option scheme for employees and directors. Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is usually three years. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest. No options were exercised during the year.

The movements in the number of share options during the year were as follows:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Outstanding, start of period	3,223,573	7,437,128
Granted during the year	1,560,000	-
Forfeited during the period	(570,000)	(2,200,222)
Exercised during the period	-	(2,013,333)
Expired during the period	(267,000)	-
Outstanding, end of period	<u>3,946,573</u>	<u>3,223,573</u>
Exercisable, end of period	<u>3,946,573</u>	<u>2,653,573</u>

The movements in the weighted average exercise price of share options during the year were as follows:

	<b>2016</b>	<b>2015</b>
	<b>pence</b>	<b>pence</b>
Outstanding, start of period	0.05	3.00
Forfeited during the period	0.0001	0.03
Exercised during the period	-	0.0001
Outstanding, end of period	<u>0.024</u>	<u>0.05</u>

##### Outstanding share options

Details of share options outstanding at the end of the year are as follows:

	<b>2016</b>	<b>2015</b>
Number of share options outstanding	3,946,573	3,223,573
Expected weighted average remaining life (years)	<u>7</u>	<u>7</u>

##### Charge arising from share-based payments

The total charge for the year for share-based payments is insignificant and so the charge was £nil (2015 - £4,000), of which £nil (2015 - £4,000) related to equity-settled share-based payment transactions.

## Innovise Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 24 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	248,632	201,744	-	-
Accrued expenses	684,569	630,452	7,320	8,421
Amounts due to group companies	-	-	-	312,278
Social security and other taxes	350,561	308,196	12,508	-
Outstanding defined contribution pension costs	-	4,597	-	-
Other payables	1,747	34,188	420	520
	<u>1,285,509</u>	<u>1,179,177</u>	<u>20,248</u>	<u>321,219</u>

Trade creditors and accruals principally comprise amounts outstanding from trade purchases and ongoing costs. The average credit period taken for trade purchases is 59 days (2015 – 31 days).

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

#### 25 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £86,418 (2015 - £198,245).

Contributions totalling £Nil (2015 - £4,597) were payable to the scheme at the end of the year and are included in creditors.

#### 26 Obligations under leases and hire purchase contracts

##### Operating leases

The total future value of minimum lease payments is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	85,187	125,946	-	-
In two to five years	160,854	38,925	-	-
	<u>246,041</u>	<u>164,871</u>	<u>-</u>	<u>-</u>

#### 27 Post balance sheet events

On 5 January 2017 the Group disposed of its interests in certain activities in non-core markets to focus investment on its core markets. The carrying value of the investments disposed of was £6,120 and the aggregate consideration was £980,000.