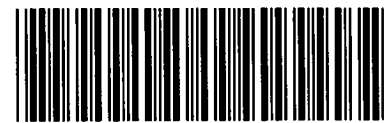


Registration number: 04101777

INNOVISE LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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INNOVISE LIMITED

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INNOVISE LIMITED

COMPANY INFORMATION

Chief executive	M Taylor
Directors	M Taylor J Leiferman G MacNeill
Company secretary	S Hemmings
Registered office	Bridge House, Waterfront East Level Street Brierley Hill DY5 1XR
Solicitors	Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham GL50 1YD
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

INNOVISE LIMITED

CHIEF EXECUTIVE'S REVIEW

Highlights

- Sales reduction of 7%
- Continuing operations after tax loss of £0.6 million (prior year + £0.5 million)
- Total loss of £0.6million (prior year +£0.6 million)

The 2019 year was a mixed one with a range of factors affecting the business. Innovise Software performed strongly but Cortex disappointed, resulting in a reduction in sales and deterioration in profitability.

Innovise Software maintained the focus on product R&D and sales execution, resulting in a strong recovery in growth in line with management expectations.

The performance of Cortex disappointed in 2019. This resulted in lower than expected revenue and profit performance. The re-focus of sales and marketing around the telecoms and technology outsourcing verticals resulted in significant pipeline but did not translate into in-year revenues. Cost reductions were implemented late in 2019 to reduce financial risk.

The net result of these changes is that consolidated performance fell short of expectations.

The Board recommended that shareholders accept the offer made by TEAM Software of the US and this will be the final year in which Innovise reports as an independent company.

Financial

Total turnover of continuing businesses for the year fell 7% to £9.0 million.

The recurring element of continuing sales increased by 9%, from £6.7 million in 2018 to £7.3 million in 2019 and now accounts for 80% of annual revenues.

Continuing operating loss before net finance costs and tax was down at £0.6 million versus a profit of £0.3 million in the prior year.

Loss after tax for continuing operations was at £0.6m, down from a profit of £0.5m in 2018.

Loss after interest and tax from continuing and discontinued operations was £0.6 million compared to a profit of £0.6 million in 2018.

In the previous financial year, we sold our interest in Rapidhost which contributed £0.1 million.

We continue to focus on maximising cash conversion and cash conversion** for the current year was once again more than 100%. The year ended with net cash of £2.0 million versus net cash of £1.9 million in September 2018.

The downturn in performance of Cortex has caused the value of the investment to be impaired and accordingly the investment of Cortex has been written down from £0.25 million to £0.1 million. This impairment charge does not impact the group profit and loss or balance sheet.

The Board is not recommending payment of an ordinary dividend.

INNOVISE LIMITED

CHIEF EXECUTIVE'S REVIEW

Outlook

Innovise was sold to TEAM Software of the US in December 2019.

I would like to thank everyone in the Innovise team for their important contributions throughout a very eventful year and the sixteen years of growth that led up to this point. Their collective dedication, talent and resourcefulness are essential to our future success as part of TEAM Software.


.....
Mike Taylor
Chief Executive Officer

Date: 20th May 2020

*figures based on continuing operations

**Cash conversion is defined as: Cash from operating activities as a percentage of operating profit

INNOVISE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the consolidated financial statements for the year ended 30 September 2019.

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 (Resigned 16 December 2019)

P Trendell (Resigned 16 December 2019)

The following directors were appointed after the year end:

J Leiferman (appointed 16 December 2019)

G MacNeill (appointed 16 December 2019)

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 £567,000 (2018 - £477,000) have been capitalised during the year and are being amortised over a period of 2 years.

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are required to provide disclosure regarding the adoption of the going concern basis of accounting.

The Directors have prepared forecasts for the next 12 months that indicate that there are sufficient facilities available to the company. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing financial statements.

Important non adjusting events after the financial period

Post year end, on 13 December 2019, the ultimate parent company of the Innovise group became Accel-KKR Capital Partners VLP, an entity incorporated in the USA.

On 5 March 2020, Innovise Limited sold their shareholding in Cortex Limited. As of this date, Cortex Limited was no longer part of the Group under the control of Accel-KKR Capital Partners VLP. Cortex Limited was sold for consideration of £100,000, based on the closing tangible net assets at 30 September 2019 and a lock box sale agreement between that date and the completion date. There was no material change in the tangible net assets of the subsidiary between 30 September 2019 and its disposal on 5 March 2020.

Directors' liabilities

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

INNOVISE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

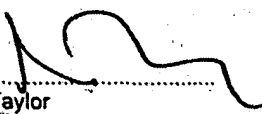
Disclosure of information to the auditor

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 28 May 2020 and signed on its behalf by:


.....
M Taylor
Chief executive

INNOVISE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their strategic report for the year ended 30 September 2019.

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 2019 and of the position of the group at the end of the year.

This is contained within the Chief Executive's Review 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 4.

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 25th May 2020 and signed on its behalf by:


M Taylor
Chief executive

INNOVISE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities 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 group and company and of the profit or loss of the group and 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 TO THE MEMBERS OF INNOVISE LIMITED

Opinion

We have audited the financial statements of Innovise Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019, which comprise the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

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.

INNOVISE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVISE LIMITED

Opinion on other matter 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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


A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INNOVISE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVISE LIMITED

Use of our report

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


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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 20 May 2020

INNOVISE LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019


		2019	2018
	Note	£	£
Continuing operations			
Revenue	7	9,004,037	9,706,331
Cost of sales		<u>(1,273,508)</u>	<u>(1,545,524)</u>
Gross profit		7,730,529	8,160,807
Administrative expenses		(8,627,136)	(8,579,549)
Other operating income	8	<u>262,133</u>	<u>747,577</u>
Operating (loss)/profit	9	(634,474)	328,835
Finance income	10	7,485	2,916
Finance costs	10	<u>-</u>	<u>(743)</u>
(Loss)/profit before tax		(626,989)	331,008
Income tax receipt	14	<u>5,197</u>	<u>131,768</u>
(Loss)/profit for the year from continuing operations		<u>(621,792)</u>	<u>462,776</u>
Discontinued operations			
Profit for the year from discontinued operations	5	<u>-</u>	<u>106,905</u>
(Loss) / profit and total comprehensive income for the year		<u>(621,792)</u>	<u>569,681</u>
(Loss) / Profit and total comprehensive income attributable to:			
Owners of the company		<u>(621,792)</u>	<u>569,681</u>

INNOVISE LIMITED

(REGISTRATION NUMBER: 04101777) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Intangible assets	15	4,944,871	4,886,775
Property, plant and equipment	16	<u>327,446</u>	<u>489,555</u>
		<u>5,272,317</u>	<u>5,376,330</u>
Current assets			
Trade and other receivables	18	2,350,733	2,190,126
Income tax asset		310,417	956,791
Cash and cash equivalents	19	<u>1,981,437</u>	<u>1,904,818</u>
		<u>4,642,587</u>	<u>5,051,735</u>
Current liabilities			
Trade and other payables	20	(1,078,228)	(1,328,727)
Deferred income		<u>(2,955,637)</u>	<u>(2,700,884)</u>
		<u>(4,033,865)</u>	<u>(4,029,611)</u>
Net current assets		<u>608,722</u>	<u>1,022,124</u>
Total assets less current liabilities		<u>5,881,039</u>	<u>6,398,454</u>
Non-current liabilities			
Provisions	22	(140,000)	(120,000)
Deferred tax liabilities	14	<u>(46,756)</u>	<u>(37,376)</u>
		<u>(186,756)</u>	<u>(157,376)</u>
Net assets		<u>5,694,283</u>	<u>6,241,078</u>
Equity			
Share capital	23	212,147	205,423
Share premium		73,965	-
Capital redemption reserve		637,044	637,044
Other reserves		(210,371)	(210,371)
Retained earnings		<u>4,973,498</u>	<u>5,600,982</u>
Equity attributable to owners of the company		<u>5,686,283</u>	<u>6,233,078</u>
Non-controlling interests		<u>8,000</u>	<u>8,000</u>
Total equity		<u>5,694,283</u>	<u>6,241,078</u>

Approved by the Board on 20/5/20 and signed on its behalf by:


M Taylor
Chief executive

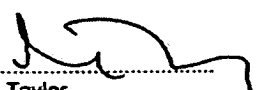
INNOVISE LIMITED

(REGISTRATION NUMBER: 04101777)

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Investments	17	<u>136,230</u>	<u>286,230</u>
		<u>136,230</u>	<u>286,230</u>
Current assets			
Trade and other receivables	18	1,200,758	2,240,212
Cash and cash equivalents	19	<u>1,209,693</u>	<u>649,066</u>
		<u>2,410,451</u>	<u>2,889,278</u>
Current liabilities			
Trade and other payables	20	<u>(740)</u>	<u>(37,839)</u>
Net current assets		<u>2,409,711</u>	<u>2,851,439</u>
Total assets less current liabilities		<u>2,545,941</u>	<u>3,137,669</u>
Net assets		<u>2,545,941</u>	<u>3,137,669</u>
Equity			
Share capital	23	212,147	205,423
Share premium		73,965	-
Capital redemption reserve		637,044	637,044
Other reserves		2,046,711	2,046,711
Retained earnings		<u>(423,926)</u>	<u>248,491</u>
Total equity		<u>2,545,941</u>	<u>3,137,669</u>

Approved by the Board on 29/5/20 and signed on its behalf by:


M Taylor
Chief executive

INNOVISE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 October 2017	194,934	-	629,533	(552,371)	5,181,171	5,453,267	8,000	5,461,267
Total comprehensive income	-	-	-	-	569,681	569,681	-	569,681
Shares repurchased and cancelled	(7,511)	-	7,511	-	(150,211)	(150,211)	-	(150,211)
Shares allotted	18,000	-	-	342,000	-	360,000	-	360,000
Foreign exchange differences upon consolidation	-	-	-	-	341	341	-	341
At 30 September 2018	<u>205,423</u>	<u>-</u>	<u>637,044</u>	<u>(210,371)</u>	<u>5,600,982</u>	<u>6,233,078</u>	<u>8,000</u>	<u>6,241,078</u>
	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 October 2018	205,423	-	637,044	(210,371)	5,600,982	6,233,078	8,000	6,241,078
Total comprehensive income	-	-	-	-	(621,792)	(621,792)	-	(621,792)
Shares allotted	6,724	73,965	-	-	-	80,689	-	80,689
Foreign exchange difference upon consolidation	-	-	-	-	(5,692)	(5,692)	-	(5,692)
At 30 September 2019	<u>212,147</u>	<u>73,965</u>	<u>637,044</u>	<u>(210,371)</u>	<u>4,973,498</u>	<u>5,686,283</u>	<u>8,000</u>	<u>5,694,283</u>

The notes on pages 18 to 43 form an integral part of these financial statements.
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INNOVISE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 October 2017	194,934	-	629,533	1,704,711	1,101,096	3,630,274
Total comprehensive income	-	-	-	-	(702,394)	(702,394)
Shares repurchased and cancelled	(7,511)	-	7,511	-	(150,211)	(150,211)
Shares allotted	18,000	-	-	342,000	-	360,000
At 30 September 2018	<u>205,423</u>	<u>-</u>	<u>637,044</u>	<u>2,046,711</u>	<u>248,491</u>	<u>3,137,669</u>
	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 October 2018	205,423	-	637,044	2,046,711	248,491	3,137,669
Total comprehensive income	-	-	-	-	(672,417)	(672,417)
Shares allotted	6,724	73,965	-	-	-	80,689
At 30 September 2019	<u>212,147</u>	<u>73,965</u>	<u>637,044</u>	<u>2,046,711</u>	<u>(423,926)</u>	<u>2,545,941</u>

INNOVISE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
(Loss)/profit for the year		(621,792)	569,681
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	9	752,339	615,959
Finance costs	10	(7,485)	(2,173)
Other income - research and development tax credits		(262,133)	(747,577)
Profit from disposals of investments	6	-	(106,905)
Translation of foreign subsidiary		(5,692)	341
Income tax expense	14	(5,197)	(131,768)
		(149,960)	197,558
Working capital adjustments			
Decrease in inventories		-	19,999
(Increase)/decrease in trade and other receivables	18	(79,920)	968,619
Increase/(decrease) in trade and other payables	20	39,665	(394,872)
Increase/(decrease) in provisions	22	20,000	(40,000)
Cash generated from operations		(170,215)	751,304
Income taxes received	14	887,675	132,810
Net cash flow from operating activities		717,460	884,114
Cash flows from investing activities			
Acquisitions of property plant and equipment	16	(35,916)	(241,704)
Acquisition of intangible assets	15	(612,410)	(477,000)
Proceeds on sale of investments		-	97,000
Cash acquired upon business combination		-	18,885
Net cash flows from investing activities		(648,326)	(602,819)
Net cash flows from continuing operations		(648,237)	(699,819)
Net cash flows from discontinued operations		-	97,000
Net cash flows from investing activities		(648,237)	(602,819)
Cash flows from financing activities			
Net interest received / (paid)	10	7,485	2,173
Payments for purchase of own shares		-	(150,211)
Payments to finance lease creditors		-	(34,746)
Net cash flows from financing activities		7,485	(182,784)
Net increase in cash and cash equivalents		76,619	98,511
Cash and cash equivalents at 1 October		1,904,818	1,806,307
Cash and cash equivalents at 30 September		1,981,437	1,904,818

The notes on pages 18 to 43 form an integral part of these financial statements.

INNOVISE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(672,417)	(702,394)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		-	21,412
Finance costs		-	743
Income tax expense		-	(5,108)
Impairment of investments		150,000	750,000
Inter-company debt waiver		558,843	-
		<u>36,426</u>	<u>64,653</u>
Working capital adjustments			
Decrease/(increase) in trade and other receivables	18	561,300	(287,970)
(Decrease)/increase in trade and other payables	20	(37,099)	37,104
Decrease in provisions	22	<u>-</u>	<u>(40,000)</u>
Net cash flow from operating activities		<u>560,627</u>	<u>(226,213)</u>
Cash flows from investing activities			
Acquisition of subsidiaries	17	-	(1)
Cash flows from financing activities			
Interest paid		-	(743)
Payments for purchase of own shares		-	(150,211)
Payments to finance lease creditors		<u>-</u>	<u>(34,746)</u>
Net cash flows from financing activities		<u>-</u>	<u>(185,700)</u>
Net increase/(decrease) in cash and cash equivalents		560,627	(411,914)
Cash and cash equivalents at 1 October		<u>649,066</u>	<u>1,060,980</u>
Cash and cash equivalents at 30 September		<u>1,209,693</u>	<u>649,066</u>

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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:

Bridge House, Waterfront East
Level Street
Brierley Hill
DY5 1XR

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 financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's"). 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.

Non-mandatory new accounting requirements adopted

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

This standard has come into affect and was adopted during the year ended 30th September 2019.

As at 30 September 2019, the existing revenue recognition policy is considered to be compliant with IFRS 15 and therefore the new standard has not has any material affect to the financial statements prepared.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

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, resulting in the recognition of a financial liability and a 'Right of Use' asset. 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. As at 30 September 2019 the group has a property right of use asset of £535,000 and liability of £404,000 in respect of leases accounted for on the basis of the modified retrospective approach application of IFRS 16. The impact on the reported profit for the year ended 30 September 2019 would have been to increase the loss by £8,080

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company and group have adequate resources to continue its operational existence for the foreseeable future.

Since the financial year end the world has been impacted by the Covid-19 virus. This clearly has had significant impact on the Global economy and a very high proportion of businesses. It is too early to predict with any certainty the impact that this might have on the future trading results of the group. The directors however note that they have a high level of contracted recurring revenues from sectors less susceptible to the impact of this virus. There can be no certainty that this will not cause trading difficulties in the future, which could impact on the ability of the group to continue as a going concern. Based on their current assessment of the business and the resources available to it the directors consider that the forecasts used to assess the ability to continue as a going concern are prepared on a reasonable basis considering the information currently available to them.

The company and group therefore continue to adopt the going concern basis in preparing the financial statements.

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.

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.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

Goodwill

Goodwill on 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 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. Any costs associated with the transaction are expensed to the profit and loss account. 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.

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.

The practical expedient under IFRS 15 has been applied with regards to recognising the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that the Group would have otherwise recognised is one year or less.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

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.

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.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

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.

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.

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.

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, as follows:

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

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

Intangible assets

Intellectual property rights

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.

Customer contracts

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.

Separately acquired licenses are included at cost and amortised in equal annual instalments over a period of two years which is their estimated useful economic life. Provision is made for any impairment.

Amortisation on all intangible assets is recognised in administrative expenses on the income statement.

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.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Accounting policies (continued)

Defined contribution pension obligation

The company operates a 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 accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. 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 applied the 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.

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 derivatives during the year or previous financial year.

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 2019

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

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.

Impairment of goodwill

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

For periods prior to and including the year ended 31 September 2018 the recoverable amount of the goodwill was 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.

For the year ended 30 September 2019 the recoverable amount of goodwill was determined based on the post year end transaction, which provides evidence of the fair value based on an orderly transaction between market participants.

The carrying amount of goodwill as at 30 September 2019 is £4,355,352. The directors also conducted an impairment review 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 15.

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 2019

4 Financial risk management and impairment of financial assets

Group

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 2019 there are no other significant concentrations of credit risk within the group at the balance sheet date.

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 2018 was:

	2019 £	2018 £
Trade receivables	1,489,767	1,545,079
Other receivables	122,520	49,010
Accrued income	143,780	46,762
Cash and cash equivalents	1,981,437	1,904,818
	<u>3,737,504</u>	<u>3,545,669</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.

The Board continues 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.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Financial risk management and impairment of financial assets (continued)

Financial liability maturity analysis

	Within 6 months £	Total £
2019		
Trade and other payables	504,080	504,080
	Within 6 months £	Total £
2018		
Trade and other payables	728,266	728,266

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.

The group earns nominal amounts from money on deposit and has no borrowings, therefore it is not sensitive to changes in interest rates.

Foreign currency risk

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

The debtors, cash balances and creditors denominated in foreign currency at the year end represent approximately 6% 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 2019 are the following amounts that are denominated in foreign currencies:

	US Dollar £	Euros £	Other £	Total £
Trade receivables	13,165	165,680	52,482	231,327
Cash and cash equivalents	41,802	201,086	41,534	284,422
Trade payables	(2,271)	(2,137)	13	(4,395)
				511,354

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Financial risk management and impairment of financial assets (continued)

Financial assets

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

	2019 £	2018 £
Trade receivables	1,489,767	1,545,079
Cash on hand	478	659
Cash at bank	1,980,959	1,904,159
	<u>3,471,204</u>	<u>3,449,897</u>

Further details of these items can be found in notes 19 and 20. The fair value of all financial assets is considered to be equal to their carrying amounts.

Financial liabilities

The group has the following financial liabilities, all of which are classified as measured at amortised cost:

	2019 £	2018 £
Trade payables	266,180	374,213
Accrued expenses	574,148	600,461
Other payables	40,632	32,865
	<u>880,960</u>	<u>1,007,539</u>

The fair value of all financial liabilities is considered to be equal to their carrying amounts.

Managing capital

The group is equity funded at 30 September 2019. Equity comprises share capital and reserves and is equal to the amount shown as "Total Equity" in the balance sheet. Debt comprised finance lease obligations only.

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 2019, 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.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

5 Discontinued operations

Disposal of Rapidhost and Joint Venture

On 1 December 2017, the group disposed of Rapidhost, which formed part of Innovise Software's operations. The profits from Rapidhost operations are not material to the group and are not separately disclosed.

Profits from discontinued operations relate to the gain on the disposal.

	2019 £	2018 £
Gain on disposal	-	106,905

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 loss for the financial year ended 30 September 2019 of £672,417 (2018 - £702,394).

7 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Services rendered	8,900,486	9,553,516
Goods sold	103,551	152,815
	<u>9,004,037</u>	<u>9,706,331</u>

The analysis of the group's revenue for the year by market is as follows:

	2019 £	2018 £
UK	6,727,959	7,785,354
Europe	1,829,246	1,327,869
USA	175,269	329,969
Rest of World	271,563	263,139
	<u>9,004,037</u>	<u>9,706,331</u>

8 Other operating income

The other operating income earned by the group relates to Research and Development tax credits of £259,510 (net of £61,966 professional fees relating to the claim) (2018 - £747,577 (net of £67,000 professional fees relating to the claim)).

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

9 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	198,025	179,959
Amortisation expense	554,314	436,000
Research and development cost	2,822,366	2,517,702
Foreign exchange losses/(gains)	2,188	9,259
Operating lease expense - property	<u>109,467</u>	<u>147,784</u>

10 Finance income and costs

	2019	2018
	£	£
Finance income		
Interest income on bank deposits	7,206	2,916
Other finance income	<u>279</u>	<u>-</u>
Total finance income	7,485	2,916
Finance costs		
Interest on obligations under finance leases and hire purchase contracts	<u>-</u>	<u>(743)</u>
Net finance income	<u>7,485</u>	<u>2,173</u>

11 Staff costs

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

	2019	2018
	£	£
Wages and salaries	5,794,536	5,625,844
Social security costs	608,574	573,819
Pension costs, defined contribution scheme	<u>172,025</u>	<u>154,673</u>
	<u>6,575,135</u>	<u>6,354,336</u>

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

	2019	2018
	No.	No.
Management and administration	8	8
Development, service and support	92	87
Sales and marketing	<u>20</u>	<u>23</u>
	<u>120</u>	<u>118</u>

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 Directors' remuneration

The directors are considered to be the key management personnel of the Group.

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	218,044	271,775
Contributions paid to money purchase schemes	11,669	18,000
	<u>229,713</u>	<u>289,775</u>
Other:		
Social security contributions	27,311	21,192
Total cost of employment	<u>257,024</u>	<u>310,967</u>

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

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	182,381	181,771
Company contributions to money purchase pension schemes	<u>9,000</u>	<u>9,000</u>

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.

13 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	16,850	16,500
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>18,150</u>	<u>17,000</u>
	<u>35,000</u>	<u>33,500</u>
Other fees to auditors		
All other tax advisory services	10,000	6,150
All other non-audit services	<u>6,408</u>	<u>11,581</u>
	<u>16,408</u>	<u>17,731</u>

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

14 Income tax

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	-	(81,161)
UK corporation tax adjustment to prior periods	(14,577)	(82,932)
	<u>(14,577)</u>	<u>(164,093)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	9,380	32,325
Tax receipt in the income statement	<u>(5,197)</u>	<u>(131,768)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit before tax (including discontinued operations)	<u>(626,989)</u>	<u>437,913</u>
Corporation tax at standard rate	(119,128)	83,203
Effect of expense not deductible in determining taxable profit (tax loss)	11,873	7,716
Allowance for goodwill amortisation recognised in single entity company financial statements under UK GAAP but not recognised in consolidated financial statements under IFRS	(37,329)	(49,691)
Profit on disposal of investments not subject to tax	-	(20,312)
Prior year over provision	(14,577)	(163,803)
Tax decrease from utilisation of tax losses	5,531	-
Increase (decrease) from effect of unrelieved tax losses carried forward	121,912	-
Increase (decrease) from effect of exercise employee share options	(51,358)	-
Other differences (including effective change in tax rates)	<u>77,879</u>	<u>11,119</u>
Total tax credit	<u>(5,197)</u>	<u>(131,768)</u>

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

14 Income tax (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £	Net deferred tax £
2019			
Accelerated tax depreciation	-	53,886	53,886
Other items	(7,130)	-	(7,130)
	<u>(7,130)</u>	<u>53,886</u>	<u>46,756</u>
2018			Liability £
Accelerated tax depreciation			37,376
Other items			-
			<u>37,376</u>

Deferred tax movement during the year:

	At 1 October 2018 £	Recognised in income £	At 30 September 2019 £
Accelerated tax depreciation	37,376	16,510	53,886
Other items	-	(7,130)	(7,130)
Net tax assets/(liabilities)	<u>37,376</u>	<u>9,380</u>	<u>46,756</u>

Deferred tax movement during the prior year:

	At 1 October 2017 £	Recognised in income £	At 30 September 2018 £
Accelerated tax depreciation	5,051	32,325	37,376
Other items	-	-	-
Net tax assets/(liabilities)	<u>5,051</u>	<u>32,325</u>	<u>37,376</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In March 2020 the additional reduction was reverse and 19% enacted as the UK corporate tax rate. This will reduce the group's future current tax charge accordingly. The deferred tax assets and liabilities at 30 September 2019 have been calculated based on 19% (2018 - 17%).

A potential group deferred tax asset of £180,000 existed as at 30 September 2019 (2018 - £nil) in respect of unutilised tax losses.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

15 Intangible assets

Group

	Goodwill £	Trademarks, patents and licenses £	Software development costs £	Total £
Cost or valuation				
At 1 October 2017	4,026,924	-	1,266,000	5,292,924
Additions	324,851	-	477,000	801,851
Acquired through business combinations	-	-	75,000	75,000
At 30 September 2018	4,351,775	-	1,818,000	6,169,775
At 1 October 2018	4,351,775	-	1,818,000	6,169,775
Additions	-	45,410	567,000	612,410
At 30 September 2019	4,351,775	45,410	2,385,000	6,782,185
Amortisation				
At 1 October 2017	-	-	847,000	847,000
Amortisation charge	-	-	436,000	436,000
At 30 September 2018	-	-	1,283,000	1,283,000
At 1 October 2018	-	-	1,283,000	1,283,000
Amortisation charge	-	9,814	544,500	554,314
At 30 September 2019	-	9,814	1,827,500	1,837,314
Carrying amount				
At 30 September 2019	4,351,775	35,596	557,500	4,944,871
At 30 September 2018	4,351,775	-	535,000	4,886,775
At 1 October 2017	4,026,924	-	419,000	4,445,924

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

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.

During the year the carrying value of goodwill was tested for impairment in accordance with IAS 36.

The recoverable amount of the Software CGU was determined based on the post year end transaction (disclosed in note 27), which provides evidence that the fair value based on an orderly transaction between market participants exceeds the carrying value of the CGU.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

16 Property, plant and equipment

Group

	Short leasehold land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 October 2017	465,122	840,231	1,305,353
Additions	10,405	231,299	241,704
Acquired through business combinations	-	2,872	2,872
Disposals	(181,796)	(509,607)	(691,403)
At 30 September 2018	293,731	564,795	858,526
At 1 October 2018	293,731	564,795	858,526
Additions	7,053	28,863	35,916
Disposals	-	(55,576)	(55,576)
At 30 September 2019	300,784	538,082	838,866
Depreciation			
At 1 October 2017	212,895	667,520	880,415
Charge for year	72,137	107,822	179,959
Eliminated on disposal	(181,796)	(509,607)	(691,403)
At 30 September 2018	103,236	265,735	368,971
At 1 October 2018	103,236	265,735	368,971
Charge for the year	58,948	139,077	198,025
Eliminated on disposal	-	(55,576)	(55,576)
At 30 September 2019	162,184	349,236	511,420
Carrying amount			
At 30 September 2019	138,600	188,846	327,446
At 30 September 2018	190,495	299,060	489,555
At 1 October 2017	252,227	172,711	424,938

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

16 Property, plant and equipment (continued)

Company

	Short leasehold land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 October 2017	181,796	12,867	194,663
Disposals	(181,796)	(12,867)	(194,663)
At 30 September 2018 and 30 September 2019	-	-	-
Depreciation			
At 1 October 2017	162,000	11,250	173,250
Charge for year	19,796	1,617	21,413
Eliminated on disposal	(181,796)	(12,867)	(194,663)
At 30 September 2018 and 30 September 2019	-	-	-
Carrying amount			
At 30 September 2019	-	-	-
At 30 September 2018	-	-	-
At 1 October 2017	19,796	1,617	21,413

17 Investments

Summary of the company investments

	£
Subsidiaries	
Cost or valuation	
At 1 October 2017	5,490,415
Additions	360,001
Disposals	(360,000)
At 30 September 2018 and 30 September 2019	5,490,416
Provision	
At 1 October 2017	4,454,186
Provision	750,000
At 30 September 2018	5,204,186
Provision	150,000
At 30 September 2019	5,354,186
Carrying amount	
At 30 September 2019	136,230
At 30 September 2018	286,230
At 1 October 2017	1,036,229

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

17 Investments (continued)

Details of the subsidiaries as at 30 September 2019 are as follows:

Proportion of ownership interest held by the group 2019 2018	Name of subsidiary	Country of incorporation and principal place of business		
100%	Innovise S&S Holdings Limited*	England and Wales		
100%	Roster Management Limited	England and Wales		
100%	Ausped Limited	England and Wales		
100%	Innovise Solutions Limited	England and Wales		
100%	TimeGate IPR Limited	England and Wales		
100%	Innovise Software Limited	England and Wales		
100%	Identifile Systems Limited	England and Wales		
93%	Cortex Limited*	England and Wales		
100%	Innovise EBT Limited*	England and Wales		
100%	Innovise Canada Limited	Canada		
100%	MOI Holdings Limited *	England and Wales		
100%	Ministry of Ideas Registered Poland sp Z.O.O.	Poland		
100%	Ministry of Ideas Registered Limited	England and Wales		
100%	MOI Limited	England and Wales		

*Indicates direct investment of the Company

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

Innovise S&S Holdings Limited and MOI UK Holdings Limited: intermediate holding company
Innovise Software Limited, Cortex Limited, Innovise Canada Limited, Ministry of Ideas Registered Limited and Ministry of Ideas Registered Poland sp Z.O.O.: Software development business

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

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

The shares in MOI Limited, Ministry of Ideas Registered Limited and Ministry of Ideas Registered Poland sp Z.O.O are held by MOI Holdings Limited.

All subsidiaries incorporated in the United Kingdom are registered at Bridge House, Waterfront East, Level Street, Brierley Hill, DY5 1XR.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

18 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade receivables	1,668,250	1,644,683	-	-
Provision for impairment of trade receivables	(178,483)	(99,604)	-	-
Net trade receivables	1,489,767	1,545,079	-	-
Receivables from related parties	-	-	1,120,069	2,240,212
Accrued income	143,780	46,762	-	-
Prepayments	594,666	549,275	-	-
Other receivables	122,520	49,010	80,689	-
	<u>2,350,733</u>	<u>2,190,126</u>	<u>1,200,758</u>	<u>2,240,212</u>

The average credit period taken on trade receivables is 84 days (2018 - 81 days). No interest is charged on receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services; 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 2017	72,575
Provision for receivables impairment	<u>27,029</u>
Provision at 30 September 2018	99,604
Provision for receivables impairment	<u>78,879</u>
Provision at 30 September 2019	<u>178,483</u>

As at 30 September 2019, trade and other receivables of £421,541 (2018 - £222,110) were past due but not impaired. The ageing analysis of these receivables was as follows:

	2019	2018
	£	£
31 to 60 days	82,835	54,865
61 to 90 days	55,901	55,985
91 to 120 days	46,089	7,691
3 to 6 months	<u>236,716</u>	<u>103,569</u>
	<u>421,541</u>	<u>222,110</u>

Group

£40,800 (2018 - £40,800) of other receivables is classified as non current.

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

19 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash on hand	478	659	-	-
Cash at bank	<u>1,980,959</u>	<u>1,904,159</u>	<u>1,209,693</u>	<u>649,066</u>
	<u>1,981,437</u>	<u>1,904,818</u>	<u>1,209,693</u>	<u>649,066</u>

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

20 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	266,180	374,213	-	-
Accrued expenses	574,148	600,461	640	37,739
Social security and other taxes	197,268	321,188	-	-
Other payables	<u>40,632</u>	<u>32,865</u>	<u>100</u>	<u>100</u>
	<u>1,078,228</u>	<u>1,328,727</u>	<u>740</u>	<u>37,839</u>

Trade creditors and accruals principally comprise amounts outstanding from trade purchases and ongoing costs. The average credit period taken for trade purchases is 55 days (2018 - 56 days).

21 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 £157,025 (2018 - £141,673).

Contributions totalling £37,519 (2018 - £31,483) were payable to the scheme at the end of the year and are included in creditors.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

22 Other provisions

Group

	Dilapidations on leasehold property £
At 1 October 2018	120,000
Additional provisions	20,000
At 30 September 2019	140,000
Non-current liabilities	140,000

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 March 2021 and March 2027.

23 Share capital

	30 September 2019		30 September 2018	
	No.	£	No.	£
Ordinary shares of £0.01 each	21,214,093	212,141	20,541,687	205,417
B Ordinary shares of £0.000001 each	6,020,000	6	6,020,000	6
	27,234,093	212,147	26,561,687	205,423

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.

New shares allotted

During the year 672,406 1p Ordinary shares were allotted further to exercise of options issued under an approved EMI share scheme, with an exercise price of 12p, with the excess over par value recognised in share premium. Employee loans were issued to settle the allotment of shares, totalling £80,689, which are interest free and are recognised within Other Receivables.

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

24 Reserves

Group

	2018 £	2017 £
Merger reserve	707,669	707,669
Reverse acquisition reserve	<u>(918,040)</u>	<u>(918,040)</u>
	<u>(210,371)</u>	<u>(210,371)</u>

Company

	2018 £	2017 £
Merger reserve	849,354	849,354
Non-distributable profits reserve	<u>1,197,357</u>	<u>1,197,357</u>
	<u>2,046,711</u>	<u>2,046,711</u>

Merger reserve

	£
Balance at 1 October 2017	365,669
Increase in merger reserve	342,000
Provision at 30 September 2018 and 30 September 2019	<u>707,669</u>

The merger reserve relates to the premium on shares issued in exchange for the 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 in the prior year relates to the premium on shares issued in consideration for the acquisition of the entire share capital of Ministry of Ideas Registered Limited.

Reverse acquisition reserve

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

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

25 Obligations under operating leases

Group

Operating leases

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

	2019 £	2018 £
Within one year	126,625	122,944
In two to five years	305,688	349,473
In over five years	170,000	238,000
	<u>602,313</u>	<u>710,417</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £110,754 (2018 - £174,742)

26 Share-based payments

Share option scheme

Scheme details and movements

The company has an EMI share option scheme for employees and directors. Options over Ordinary and B shares are exercisable at a price equal to the average fair value 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 the grant, the options expire. Options are forfeited if the employee leaves the company before the options vest. Options over 672,406 ordinary shares were exercised during 2019.

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

	2019 Number	2018 Number
Outstanding, start of year - Ordinary shares	672,406	672,406
Exercised during the year	(672,406)	-
Outstanding, end of year - Ordinary shares	<u>-</u>	<u>672,406</u>
Exercisable, end of year - Ordinary shares	<u>-</u>	<u>672,406</u>

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

	2019 pence	2018 pence
Outstanding, start of period	12.00	-
Exercised during the period	(12.00)	-
Outstanding, end of period	<u>-</u>	<u>12.00</u>
Exercisable, end of period	<u>-</u>	<u>12.00</u>

INNOVISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

26 Share-based payments (continued)

Outstanding share options

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

	2019	2018
Number of share options outstanding	-	672,406
Expected weighted average remaining life (years)	<u>-</u>	<u>3</u>

Charge/credit arising from share-based payments

The total charge for the year for share-based payments is insignificant in the previous year so the charge was £Nil (2018 - £Nil). No charge arises in the year as all options had vested and were exercisable at the end of the previous year.

27 Non adjusting events after the financial period

Post year end, on 13 December 2019, the ultimate parent company of the Innovise group became Accel-KKR Capital Partners VLP, an entity incorporated in the USA.

On 5 March 2020, Innovise Limited sold their shareholding in Cortex Limited. As of this date, Cortex Limited was no longer part of the Group under the control of Accel-KKR Capital Partners VLP. Cortex Limited was sold for consideration of £100,000, based on the closing tangible net assets at 30 September 2019 and a lock box sale agreement between that date and the completion date. There was no material change in the tangible net assets of the subsidiary between 30 September 2019 and its disposal on 5 March 2020.