

Asite Limited

Annual Report and Consolidated Financial Statements
For the year ended 30 June 2019
Registered number 02004015

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Company Information

Chairman Walter Goldsmith (resigned 1st February 2019)
Robert Tchenguiz (appointed 1st February 2019)

Chief Executive Nathan Doughty

Directors Walter Goldsmith
Robert Tchenguiz
Nathan Doughty

Company Secretary Tony Pickworth

Registered office 1 Mark Square
London
EC2A 4EG
United Kingdom

Auditor KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom

Strategic Report

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

Review of the business

I am pleased to report that the Group has continued its growth and increasing global footprint over the past 12 months. For the year ended 30 June 2019 operating profit increased 83% to £2,484,169 and revenue increased by 20.4% to £9,638,308 (2018 - £8,004,773).

Asite's vision is to connect people and help the world build better.

Our offices across the globe now give us the geographical coverage to fully support our customers worldwide and through investment in our sales teams within these offices, to achieve our ambitious revenue growth goals.

During this period, we have continued to deliver successful new innovations on our Adoddle Platform including significant advances in Adoddle Field for online and offline collaboration.

Our technology platform continues to push the boundaries of research and innovation in the field of digital engineering on behalf of our customers. This positions us well to deliver on our strategic plan to become the global leader in digital engineering by integrating supply chains for capital projects and infrastructure developments worldwide.

Key Performance Indicators

Asite continues to manage the business through both financial Key Performance Indicators (KPIs) as listed above, and non-financial KPIs such as number of users, number of clients and churn rate.

Principal risks and uncertainties

We undertake a continuous risk review strategy of our operations and continue to implement appropriate mitigation strategies for those risks which we have assessed as critical to the on-going operations of the Group. Significant risks identified cover recruitment and retention of key staff, system performance, technology obsolescence, client base plurality, product diversity and regulatory environment. The Group continues to monitor these risks and to update and amend mitigating strategies as appropriate.

Approved by the Board on 15th January 2020 and signed on its behalf by:



Mr Nathan Doughty
Chief Executive

Directors' Report

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

Directors of the Group

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

Mr Walter Goldsmith - Chairman

Mr Robert Tchenguiz

Mr Nathan Doughty

Mr Tony Ryan – Chief executive (resigned 2nd January 2020)

Mr Timothy Smalley (resigned 2nd April 2019)

Principal activity

The principal activity of the Group is to provide collaborative Software as a Service (SaaS) to the Architectural, Engineering and Construction (AEC) industry to promote successful supply chain collaboration.

Dividends

No ordinary dividends were paid in either the current or the prior period. The directors do not recommend payment of a final dividend.

Political donations

The company made no political donations or incurred any political expenditure during the year.

Financial instruments

Objectives and policies

The Group is exposed to price risk, credit risk, liquidity risk and cash flow risk. The directors review risk management strategies regularly.

Price risk, credit risk, liquidity risk, cash flow and foreign currency risk

Price

The Group has minimal exposure to price risk as all prices are pre-set by management.

Credit

The Group is exposed to credit risk and management ensure credit checks are completed on all new customers and chase debts on a regular basis once they become overdue.

Liquidity

The Group's exposure to liquidity risk is minimal as the Group has adequate net current assets.

Cashflow

The Group is exposed to cash flow risk as a result of the timing between paying suppliers and the receipt of money from customers and management manage this through regular review.

Foreign currency

The Group is exposed to foreign currency risk through its investment in Asite Solutions Private Limited (Asite India). Asite India provides development and maintenance services to the Asite platform.

Save for loan finance provided by R20 Limited of which Mr Robert Tchenguiz is a director, Asite Limited has no borrowings, accordingly interest rate risk, in this regard is minimal. The Group's policies for mitigating these risks are outlined in the notes to the financial statements.

Research and development

The Group continues to invest in research and development in the field of collaborative Supply Chain Management (cSCM) Software. Research and development costs incurred during the year to 30 June 2019 totalled £683,242 (2018 - £834,839) all of which was capitalised. The directors regard investment in this area as a prerequisite for success in the medium to long term future.

Directors' Report *(continued)*

Creditor payment policy

The Group does not have a policy to follow any code or standard on payment practice. However, the Group will continue to settle the terms of payment with its suppliers and, when agreeing the terms of each transaction, will ensure that those suppliers are aware of the terms of payment and will abide by those terms of payment, unless subsequently renegotiated. Group trade payables outstanding at 30 June 2019 represented 57 days (2018 - 42 days) trade purchases. Company trade payables outstanding at 30 June 2019 represented 8 days (2018 - 239 days) trade purchases. This is calculated as the weighted average trade creditors at 30 June 2019.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements continue to adopt the going concern basis.

Directors liabilities

Directors' and officers' liability insurance has been purchased by the Group during the year. The company's Articles of Association provide, subject to the provision of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers. This includes any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the company. Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors.

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.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 15th January 2020 and signed on its behalf by:



Mr Nathan Doughty
Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASITE LIMITED

Opinion

We have audited the financial statements of Asite Limited ("the company") for the year ended 30th June 2019 which comprise of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, company statement of financial position, company statement of changes in equity, consolidated statement of cash flows and company statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

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

Strategic report and directors' report (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 Benson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

15th January 2020

Consolidated Income Statement

for the year ended 30 June 2019

		2019	2018
	<i>Note</i>	£	£
Revenue	3	9,638,308	8,004,773
Cost of sales		(1,486,651)	(1,489,031)
Gross profit		8,151,657	6,515,742
Distribution costs		(885,597)	(816,302)
Administrative expenses		(4,780,200)	(4,327,753)
Other losses	4	(1,691)	(13,985)
Operating profit	5	2,484,169	1,357,702
Finance costs	6	(6,366)	(123,669)
Profit before taxation		2,477,803	1,234,033
Income Tax	10	1,519,615	153,920
Profit for the year		3,997,418	1,387,953
Profit for the year			
Attributable to owners of the company		3,997,418	1,387,953

The Consolidated Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 40 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2019

	2019	2018
	£	£
Profit for the year	3,997,418	1,387,953
Items that may be reclassified subsequently to other comprehensive income		
Foreign currency translation gains/(losses)	90,721	(80,738)
Total comprehensive income for the year	4,088,139	1,307,215
Total comprehensive income attributable to:		
Owners of the company	4,088,139	1,307,215

The notes on pages 16 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

	<i>Note</i>	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	211,859	216,789
Intangible assets	12	2,158,392	2,011,193
Deferred tax assets	10	2,133,410	384,604
		<u>4,503,661</u>	<u>2,612,586</u>
Current assets			
Trade and other receivables	15	3,179,762	2,540,738
Cash and cash equivalents		3,434,058	1,578,668
		<u>6,613,820</u>	<u>4,119,406</u>
Total assets		<u><u>11,117,481</u></u>	<u><u>6,731,992</u></u>
Equity and liabilities			
Equity			
Share capital	16	(18,824,564)	(18,774,564)
Share premium		(2,441,592)	(2,441,592)
Retained earnings		13,484,051	17,572,190
Equity attributable to owners of the company		<u>(7,782,105)</u>	<u>(3,643,966)</u>
Non-current liabilities			
Loans and borrowings	17	(250,000)	(490,000)
Deferred tax liabilities	10	(161,894)	(14,835)
		<u>(411,894)</u>	<u>(504,835)</u>
Current liabilities			
Trade and other payables	21	(1,384,270)	(1,382,060)
Loans and borrowings	17	(240,000)	(240,000)
Deferred income		(1,299,212)	(961,131)
		<u>(2,923,482)</u>	<u>(2,583,191)</u>
Total liabilities		<u>(3,335,376)</u>	<u>(3,088,026)</u>
Total equity and liabilities		<u><u>(11,117,481)</u></u>	<u><u>(6,731,992)</u></u>

The notes on pages 16 to 40 form part of these financial statements.

These financial statements were approved by the board of directors on 15th January 2020 and signed on its behalf by:



Nathan Doughty
Chief Executive
Company registered number: 02004015

Company Statement of Financial Position

as at 30 June 2019

	<i>Note</i>	2019 £	2018 £
Assets			
Non-current assets			
Investments in subsidiaries	13	65,094	65,094
Other non-current financial assets	14	-	298,778
Deferred tax assets	10	1,506	1,507
		<hr/> 66,600 <hr/>	<hr/> 365,379 <hr/>
Current assets			
Trade and other receivables	15	-	18,285
Cash and cash equivalents		4,921	4,155
		<hr/> 4,921 <hr/>	<hr/> 22,441 <hr/>
Total assets		<hr/> 71,521 <hr/>	<hr/> 387,819 <hr/>
Equity and liabilities			
Equity			
Share capital	16	(18,824,564)	(18,774,564)
Share premium		(2,441,592)	(2,441,592)
Retained earnings		21,762,175	21,622,162
		<hr/> 496,019 <hr/>	<hr/> 406,006 <hr/>
Total equity		<hr/> 496,019 <hr/>	<hr/> 406,006 <hr/>
Non-current liabilities			
Loans and borrowings	17	(250,000)	(490,000)
Current liabilities			
Trade and other payables	21	(58,257)	(63,825)
Loans and borrowings	17	(240,000)	(240,000)
Other non-current financial liabilities	14	(19,283)	-
		<hr/> (317,540) <hr/>	<hr/> (303,825) <hr/>
Total liabilities		<hr/> (567,540) <hr/>	<hr/> (793,825) <hr/>
Total equity and liabilities		<hr/> (71,521) <hr/>	<hr/> (387,819) <hr/>

The notes on pages 16 to 40 form part of these financial statements.

These financial statements were approved by the board of directors on 15th January 2020 and signed on its behalf by:


Nathan Doughty

Chief Executive

Company registered number: 02004015

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2018	18,774,564	2,441,592	(17,572,190)	3,643,966
Profit for the year	-	-	3,997,418	3,997,418
Other comprehensive expense	-	-	90,721	90,721
Total comprehensive income	-	-	4,088,139	4,088,139
Issue of share capital	50,000	-	-	50,000
At 30 June 2019	18,824,564	2,441,592	(13,484,051)	7,782,105

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2017	18,774,564	2,441,592	(18,878,505)	2,337,651
Profit for the year	-	-	1,387,953	1,387,953
Other comprehensive expense	-	-	(80,738)	(80,738)
Total comprehensive income	-	-	1,307,215	1,307,215
At 30 June 2018	18,774,564	2,441,592	(17,572,190)	3,643,966

The notes on pages 16 to 40 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 30 June 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2018	18,774,564	2,441,592	(21,622,162)	(406,006)
Loss for the year	-	-	(140,013)	(140,013)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	(140,013)	(140,013)
	<hr/>	<hr/>	<hr/>	<hr/>
Issue of share capital	50,000	-	-	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	18,824,564	2,441,592	(21,762,175)	(496,019)
	<hr/>	<hr/>	<hr/>	<hr/>
	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2017	18,774,564	2,441,592	(21,523,498)	(307,342)
Loss for the year	-	-	(98,664)	(98,664)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	(98,664)	(98,664)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	18,774,564	2,441,592	(21,622,162)	(406,006)
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 40 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	<i>Note</i>	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		3,997,418	1,387,953
Adjustments to cash flows for non-cash items			
Depreciation and amortisation	5	606,929	454,725
Loss on disposal of property, plant and equipment and investments	4	1,691	13,985
Finance costs	6	6,366	123,669
Income tax credit	10	(1,519,615)	(153,920)
		<u>3,092,789</u>	<u>1,826,412</u>
Decrease/(increase) in trade and other receivables	15	(634,065)	823,849
Increase in trade and other payables	21	(33,272)	459,226
(Decrease)/Increase in deferred income including government grants		338,081	(305,653)
		<u>2,763,533</u>	<u>2,603,834</u>
Cash flows from investing activities			
Acquisitions of property, plant and equipment	11	(67,898)	(33,992)
Acquisition of intangible assets	12	(683,242)	(843,918)
Proceeds on disposal of property plant and equipment		250	-
		<u>(750,890)</u>	<u>(877,910)</u>
Cash flows from financing activities			
Interest paid	6	(26,894)	(123,669)
Proceeds from share issuance		50,000	-
Repayment of other borrowing		(240,000)	(853,414)
Foreign exchange gains	6	20,528	-
		<u>(196,366)</u>	<u>(977,083)</u>
Net increase/(decrease) in cash and cash equivalents		1,816,277	748,841
Cash and cash equivalents at 1 July		1,578,668	908,609
Effect of exchange rate fluctuations on cash held		39,113	(78,782)
		<u>3,434,058</u>	<u>1,578,668</u>
Cash and cash equivalents at 30 June		<u>3,434,058</u>	<u>1,578,668</u>

The notes on pages 16 to 40 form part of these financial statements.

Company Statement of Cash Flows

for the year ended 30 June 2019

	<i>Note</i>	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(140,013)	(98,664)
Adjustments to cash flows for non-cash items			
Finance income		-	-
Finance costs		24,757	34,373
Income tax expense		-	-
		<hr/> (115,256)	<hr/> (64,291)
Working capital adjustments			
Decrease in trade and other receivables	15	317,064	280,930
(Increase)/Decrease in trade and other payables	21	13,715	58,674
		<hr/>	<hr/>
Net cash flow from operating activities		215,523	275,313
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received	6	-	51,826
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid	6	(24,757)	(34,373)
Proceeds from other borrowing draw downs		-	-
Repayment of other borrowing		(240,000)	(240,000)
Issuance of share capital		50,000	
		<hr/>	<hr/>
Net cash flows from financing activities		(214,757)	(274,373)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		766	940
Cash and cash equivalents at 1 July		4,155	3,215
		<hr/>	<hr/>
Cash and cash equivalents at 30 June		4,921	4,155
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 39 form part of these financial statements.

Notes to the financial statements

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:
1 Mark Square
London
EC2A 4EG

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").

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.

In the application of these policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The directors do not consider there are any critical judgements or key sources of estimation uncertainty made in the process of applying the entity's accounting policies and the amounts recognised in the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The presentational currency used in this report is Pound Sterling (£).

Going concern

The Group posted a profit for the period of £3,997,418 (2018: £1,387,953), net current assets of £3,690,338 (2018: £1,536,215) and has net assets of £7,782,105 (2018: £3,643,966) at the balance sheet date. The directors therefore have a reasonable expectation that the Group will be able to pay its creditors for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Notes to the financial statements *(continued)*

2. Accounting policies *(continued)*

Basis of consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-Group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £140,013 (2018 – loss of £98,664).

Changes in accounting policy

None of the standards, interpretations and amendments which are effective for periods beginning after 1 July 2018 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer (i.e., when the Group delivers its performance obligation under the contract) at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group typically enters into multi-element arrangements which include software licence fees, consultancy and training services. Revenue is allocated to the elements of the arrangement based upon the fair value of each element.

The Group sells a licence for access to its products which are hosted from the Group's dedicated servers. The licence fees grant access to web space for the duration of the customer's project and include maintenance and support. The revenue for the licence is recognised on an accruals basis to match the period of use by the customer until the end of the contract. The unrecognised element is included within 'deferred income' and the amount recognised prior to billing is included within 'amounts recoverable on contracts'.

Training revenue relates to customer training to use the product. Consultancy revenue relates to the initial tailoring of the product to match the needs of the project and on-going consultancy work provided to the customer post implementation. Revenue is recognised on the consulting and training fees based on fixed daily rates as the service is provided. The fixed daily rates are predetermined at the contract signing date.

Foreign currency transactions and balances

Items included in the separate financial statements of the Group entities are measured in the functional currency of each entity. Transactions denominated in foreign currencies are translated into the functional currency of the Group at the rates prevailing at the dates of the individual transactions. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the Statement of Financial Position date. Exchange gains and losses arising are charged or credited to net operating costs or foreign exchange in administrative expenses in the Income Statement, as appropriate. The Income Statement and Statement of Financial Position of foreign entities are translated into Pounds Sterling on consolidation at the average rates for the period and the rates prevailing at the Statement of Financial Position date respectively. The resulting exchange gains or losses are dealt with in total equity and liabilities.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Tax

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

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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

Depreciation

Depreciation is charged, to administrative expenses, so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

- Fixtures, fittings and equipment : 3 to 15 years straight line
- Other property, plant and equipment : 3 to 15 years straight line

Intangible assets

Research expenditure is written off as an expense in the period in which it is incurred. Development expenditure is written off as incurred unless it meets the recognition criteria of an intangible asset, as defined by International Accounting Standard 38 (Intangible Assets) ("IAS 38"), in which case it would be recognised as an asset of the Group. Capitalised development expenditure is amortised to administrative expenses on a straight line basis over the useful economic life once the related product or enhancement is available for use.

Website costs are stated at cost, net of amortisation and any provisions for impairment.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

Amortisation

Amortisation is charged to administrative expenses and is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

- Internally generated software development costs : 5 years straight line
- Other intangible assets : 3 years straight line

Notes to the financial statements (*continued*)

2. Accounting policies (*continued*)

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call 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 instruments

Financial assets

Financial assets are classified into the following categories: financial assets at Fair Value Through Profit or Loss (FVTPL) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group's financial instruments comprise cash balances, a loan facility and various items such as trade debtors and trade creditors that arise from the normal course of business. There were no other financial assets other than trade receivables.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. A financial asset is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Notes to the financial statements (*continued*)

2. Accounting policies (*continued*)

Financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of financial assets

The Group and Company derecognise financial assets when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as such on initial recognition. A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised costs using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Employee benefits

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options and shares is recognised as an expense. The fair value of options is estimated using a Black-Scholes pricing model. The total amount to be expensed over the vesting period is determined by the fair value of the options and shares granted, excluding the impact of any non-market vesting conditions (for example, earnings per share growth). Non-market vesting conditions are included in assumptions about the number of options and shares that are expected to become exercisable. At each Statement of Financial Position date, the Group revises its estimates of the number of options and shares that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Income Statement. At the vesting date of an award, the cumulative expense is adjusted to take account of the awards that actually vest. The Group grants share options to employees of subsidiary companies.

New standards, amendments and interpretations

(a) Amended standards adopted by the group

During the year, the Group adopted a number of amendments to the IFRSs issued by the IASB that are mandatorily effective for accounting periods beginning on or after 1 January 2018.

Impact of initial application of IFRS 9

The group as adopted IFRS 9 (as revised in July 2014) and the related consequential amendments to other IFRS standards that are effective for an annual reporting period that begins on or after 1 January 2018. As permitted by the transitional provisions of IFRS 9 the Group elected not to restate comparative results. Any adjustments at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and rules for hedge accounting. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

(i) Classification and measurement of financial assets

Under IFRS 9, all the financial assets are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's financial assets include cash and cash equivalents (including short term deposits), trade and other receivable, intercompany loan receivables and other debtors. These financial assets are continued to be measured at amortised cost as they meet the conditions under IFRS 9.

(ii) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL). It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The introduction of new impairment model has an impact on the Group's trade receivables measured at amortised cost. For trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Based on the assessment undertaken, the Group recorded an impairment of £nil on its trade receivables on transition.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit and loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 and have not been changed.

The new standard introduces expanded disclosure requirements and changes in presentation. The below table shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Impact of initial application of IFRS 9 (continued)

	Original IAS39 Category	New IFRS 9 Category	Closing balance 30 June 2018 £	Adoption of IFRS 9	Opening balance 1 July 2018 (IFRS 9) £
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	2,540,738	-	2,540,738
Cash and cash equivalents	Amortised cost	Amortised cost	1,578,668	-	1,578,668

Impact of initial application of IFRS 15

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) effective 1 January 2018 using the modified retrospective method of adoption. The Group elected to apply the standard to all contracts as at 1 January 2018.

The Group's accounting policies for its revenue streams are disclosed in detail below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

(b) Standards, amendments or interpretations to existing standards that are not yet effective and have not been adopted early by the group:

- IFRS 16 Leases (effective date 1 January 2019)

The Company is required to adopt IFRS 16 Leases from 1 January 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- The Company has not finalised the testing and assessment of controls over its systems to capture and record all data in line with the standard requirements
- The new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases for club and office property and equipment. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for the right-of-use assets and interest expense on lease liabilities

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability.

Adoption of the standard will not impact the Company's ability to comply with its banking facility covenants.

Notes to the financial statements (*continued*)

3. Revenue

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

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

	2019	2018
	£	£
Sale of goods	6,874,650	6,247,954
Outsourced development resources	1,226,940	902,315
Consultancy services	1,536,718	854,504
	<u>9,638,308</u>	<u>8,004,773</u>

Revenue by geographical location is as follows:

	2019	2018
	£	£
Sales – UK	7,070,653	6,152,411
Sales – Australasia	1,106,580	683,316
Sales – Europe	483,462	358,077
Sales – India	180,224	234,264
Sales – North America	797,389	576,705
	<u>9,638,308</u>	<u>8,004,773</u>

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2019	2018
Trade receivables from customers (see note 15)	2,541,215	1,879,788
Contract assets (accrued income) (see note 15)	197,458	140,574
Contract liabilities (deferred income)	1,299,212	961,131

Contract assets represent revenue recognised but not yet invoiced. All contract assets as of 30 June 2018 (£140,574) were invoiced during the year ended 30 June 2019. The same is expected to be true for all contract assets at the year ended 30 June 2019.

Contract liabilities represent the Group's obligation to transfer goods or services to customers, for which the Group has already received consideration from the customer. All of the contract liability balance as of 30 June 2018 (£961,131) has been recognised as revenue during the year ended 30 June 2019. The same is expected to be true for all contract liabilities at the year ended 30 June 2019.

Notes to the financial statements *(continued)*

4. Other gains and losses

The analysis of the Group's other gains and losses for the year is as follows:

	2019	2018
	£	£
Loss on disposal of investments, property, plant and equipment	1,691	13,985
	<u> </u>	<u> </u>

5. Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	70,887	71,680
Amortisation expense	536,043	383,047
Foreign exchange (income)/expense	(20,250)	88,697
Operating lease expense – property	420,741	388,320
	<u> </u>	<u> </u>

6. Finance income and costs

	2019	2018
	£	£
Finance costs		
Interest expense and other financing liabilities	(26,894)	(34,972)
Foreign exchange gain	20,528	(88,697)
	<u> </u>	<u> </u>
	(6,366)	(123,669)
	<u> </u>	<u> </u>

7. Staff costs

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

	2019	2018
	£	£
Wages and salaries	3,375,259	3,206,743
Social security costs	329,382	326,121
Pension costs, defined contribution scheme	84,091	70,118
	<u> </u>	<u> </u>
	3,788,732	3,602,982
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

7. Staff costs *(continued)*

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

	2019	2018
	No.	No.
Executive staff	4	4
Professional services	15	14
Sales and account managers	10	9
Technical	166	183
Finance and administration	5	3
	<u>200</u>	<u>213</u>

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	673,750	613,750
Employer pension contribution	3,797	2,250
	<u>677,547</u>	<u>616,000</u>

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	380,000	340,000
Employer pension contribution	-	-

One director is receiving pension benefits that total to £3,797 for the current year (2018: £2,250).

9. Auditors' remuneration

	2019	2018
	£	£
Audit of these financial statements	23,500	19,000
Other services related to taxation	9,120	7,400
	<u>32,620</u>	<u>26,400</u>

Notes to the financial statements *(continued)*

10. Income tax

Tax charged/(credited) in the income statement:

	2019	2018
	£	£
Current taxation		
UK Corporation tax	-	-
Foreign tax	82,132	62,570
	<hr/>	<hr/>
Total current income tax	82,132	62,570
Deferred taxation		
Recognised losses	(1,873,449)	(216,490)
Other movements	271,702	-
	<hr/>	<hr/>
Deferred tax credit	(1,601,747)	(216,490)
	<hr/> <hr/>	<hr/> <hr/>
Total tax (credit)/charge in the income statement	1,519,615	153,920

The tax on profit before tax for the year is the lower than of corporation tax in the UK (2018 – lower than the standard rate of corporation tax in the UK) of 19% (2018 – 19.25%)

The differences are reconciled below:

	2019	2018
	£	£
Profit before tax	2,477,803	1,234,033
	<hr/>	<hr/>
Corporation tax at standard rate of 19% (2018: 19.25%)	470,782	234,466
Expenses not deductible	10,504	24,376
Losses not recognised	26,602	52,701
Other movements	189,740	245,310
Increase from effect of foreign tax rates	19,712	15,017
Deduction for R&D expenditure	(194,532)	-
Impact from adjustments to prior periods	-	(47,500)
Recognition of previously unrecognised tax losses	(1,873,449)	(173,599)
Utilisation of losses	(168,974)	(259,421)
Foreign tax	-	62,570
	<hr/>	<hr/>
Total tax charge/(credit)	(1,519,615)	153,920
	<hr/> <hr/>	<hr/> <hr/>

The headline UK corporation tax rate was 20% up until 1 April 2017, when it reduced to 19%. This is due to fall to 17% with effect from 1 April 2020. The effect of these rate reductions has been reflected in the deferred tax balances in the financial statements.

Notes to the financial statements (continued)

10. Income tax (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £	Net deferred tax £
2019			
Accelerated tax depreciation	-	(161,894)	(161,894)
Recognised losses	2,133,410	-	2,133,410
	<u>2,133,410</u>	<u>(161,894)</u>	<u>1,971,516</u>

	Asset £	Liability £	Net deferred tax £
2018			
Accelerated tax depreciation	81,841	(14,835)	67,006
Short term timing differences	42,802	-	42,802
Losses carried forward	259,961	-	259,961
	<u>384,604</u>	<u>(14,835)</u>	<u>369,769</u>

Deferred tax movement during year:

	At 1 July 2018 £	Recognised in income £	At 30 June 2019 £
Depreciation in excess of capital allowances	67,006	(228,900)	(161,894)
Short term timing difference	42,802	(42,802)	-
Recognised losses	259,961	1,873,449	2,133,410
Total	<u>369,769</u>	<u>1,601,747</u>	<u>1,971,516</u>

In the current year, a deferred tax asset of £2,133,410 has been recognised on the total carry forward losses of £12,549,468 at the future tax rate of 17%.

Deferred tax movement during the prior year:

	At 1 July 2017 £	Recognised in income £	At 30 June 2018 £
Depreciation in excess of capital allowances	110,477	(43,471)	67,006
Short term timing differences	42,802	-	42,802
Recognition of unrecognised losses	-	259,961	259,961
Total	<u>153,279</u>	<u>216,490</u>	<u>369,769</u>

Notes to the financial statements *(continued)*

10. Income tax (continued)

Company

Deferred tax assets and liabilities:

	Asset £
2019	
Tax losses carry-forwards	1,506

	Asset £
2018	
Tax losses carry-forwards	1,507

Deferred tax movement during the year:

	At 1 July 2018 £	Recognised in income £	At 30 June 2019 £
Tax losses carry-forwards	1,507	(1)	1,506

Deferred tax movement during the year:

	At 1 July 2017 £	Recognised in income £	At 30 June 2018 £
Tax losses carry-forwards	-	1,507	1,507

Notes to the financial statements *(continued)*

11. Property, plant and equipment

Group

	Furniture, fittings and equipment	Other property, plant and equipment	Total
	£	£	£
Cost or valuation			
At 1 July 2017	200,069	308,764	508,833
Additions	12,822	21,170	33,992
Disposals	-	(54,581)	(54,581)
At 30 June 2018	<u>212,891</u>	<u>275,353</u>	<u>488,244</u>
Additions	8,298	59,600	67,898
Disposals	(23,637)	-	(23,637)
At 30 June 2019	<u>197,552</u>	<u>334,953</u>	<u>532,505</u>
 At 1 July 2017	 69,622	 184,734	 254,356
Charge of the year	32,409	39,271	71,680
Eliminated on disposal	-	(54,581)	(54,581)
At 30 June 2018	<u>102,031</u>	<u>169,424</u>	<u>271,455</u>
Charge of the year	21,253	49,634	70,887
Eliminated on disposal	(21,696)	-	(21,696)
At 30 June 2019	<u>101,588</u>	<u>219,058</u>	<u>320,646</u>
Carrying amount			
At 30 June 2019	<u>95,964</u>	<u>115,895</u>	<u>211,859</u>
At 30 June 2018	<u>110,860</u>	<u>105,930</u>	<u>216,789</u>

Notes to the financial statements *(continued)*

12. Intangible assets

Group	Internally generated software development costs £	Other intangible assets £	Total £
Cost or valuation			
At 1 July 2017	1,845,347	63,660	1,909,007
Additions	834,839	-	834,839
At 30 June 2018	2,680,186	63,660	2,743,846
Additions	683,242	-	683,242
At 30 June 2019	3,363,428	63,660	3,427,088
Amortisation			
At 1 July 2017	295,024	54,582	349,608
Amortisation charge for the year	373,973	9,074	383,047
At 30 June 2018	668,997	63,656	732,653
Amortisation charge for the year	536,039	4	536,043
At 30 June 2019	1,205,036	63,660	1,268,696
Carrying amount			
At 30 June 2019	2,158,392	-	2,158,392
At 30 June 2018	2,011,189	4	2,011,193

Notes to the financial statements *(continued)*

13. Investments

Group subsidiaries

Details of the Group subsidiaries as at 30 June 2019 are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held by the Group	
			2019	2018
Asite Solutions Limited*	Web based portal and services	1 Mark Square, London, United Kingdom, EC2A 4EG	99.4%	99.44%
Asite Solutions Private Limited	Web based portal and services	A4, Shivalik Business Center, Bh. Rajpath Club, Bodakdev, Ahmedabad 380015, Gujarat, India	99.7%	99.7%
Asite LLC	Web based portal and services	245 W. 29th Street, Unit 1601, New York City, New York 10001. United States	100.0%	100.0%
Asite Solutions PTY Ltd	Web based portal and services	Suite 1, Level 32, 1 Market Street, Sydney NSW 2000 Australia	100.0%	100.0%
Asite Solutions (HK) Ltd	Web based portal and services	Unit 2050, Level 20, Chinachem Exchange Square, 1-7 Hoi Wan Street, Quarry Bay, Hong Kong	100.0%	100.0%

*indicates direct investment of the company

Composition of the Group

Country of incorporation for all subsidiaries is the same as per the above address.

Summary of the company investments

	2019	2018
	£	£
Investments in subsidiaries	<u>65,094</u>	<u>65,094</u>

Subsidiaries

Cost or valuation and carrying amount	£
At 1 July 2017 and 30 th June 2018	<u>65,094</u>
At 1 July 2018 and 30 th June 2019	<u>65,094</u>

Notes to the financial statements *(continued)*

14. Other financial assets

Company

	2019 £	2018 £
Non-current financial assets		
Loans to / (from) subsidiaries	<u>(19,283)</u>	<u>298,778</u>

Amounts due from subsidiaries are repayable on demand. There is no interest charged on the loans to group undertakings.

15. Trade and other receivables

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade receivables	2,541,215	1,879,788	-	-
Provision for impairment of trade receivables	-	-	-	-
Net trade receivables	<u>2,541,215</u>	<u>1,879,788</u>	<u>-</u>	<u>-</u>
Prepayments	316,902	301,596	-	-
Other receivables	86,895	76,415	-	18,285
Accrued income	197,458	140,574	-	-
Income tax asset	37,292	142,365	-	-
Total current trade and other receivables	<u>3,179,762</u>	<u>2,540,738</u>	<u>-</u>	<u>18,285</u>

The fair value of those trade and other receivables are not materially different from the carrying value.

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.

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality. Receivables over 90 days are considered to be past due as per the below.

Age of trade receivables that are past due but not impaired

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
91 to 120 days	87,759	75,530	-	-
4 to 6 months	1,800	18,434	-	-
6 months to 1 year	31,219	22,558	-	-
Over 1 year	86,765	100,281	-	-
	<u>207,543</u>	<u>216,803</u>	<u>-</u>	<u>-</u>
Average age (days)	<u>291</u>	<u>245</u>	<u>-</u>	<u>-</u>

Notes to the financial statements *(continued)*

15. Trade receivables *(continued)*

As at 30 June 2019, trade receivables were considered for impairment under IFRS 9 with no additional expected losses for 2019 trade receivables.

During the period, the company made £78,345 write-offs of specific trade receivables (2018: £29,750) with all remaining amount expected to be fully recovered. The individual impaired receivables mainly relate to customers who are in difficult economic situations. The creation and release of any provisions for impaired receivables have been included in 'general expenses' within 'operating costs' in the consolidated income statement.

The Group is not exposed to significant foreign currency exchange risk as the majority of trade and other receivables are denominated in Sterling. Additional disclosure on credit risk management is included in Note 24.

16. Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
New ordinary shares of £0.01 each	15,291,063	152,911	10,291,063	102,911
New B shares of £0.01 each	10,958,501	109,585	10,958,501	109,585
Deferred shares of £0.99 each	18,749,564	18,562,068	18,749,564	18,562,068
	<u>44,999,128</u>	<u>18,824,564</u>	<u>39,999,128</u>	<u>18,774,564</u>

On the 21 August 2018 the Group authorised the issuance of 2,500,000 new ordinary shares with a value of £0.01. The new ordinary shares issued have the same rights, references and restrictions as the old shares in line with the below. The issuance was as a result of share options exercised by key management personnel.

On the 31 August 2018, the Group authorised the issuance of an additional 2,500,000 new ordinary shares with a value of £0.01. The new ordinary shares issued have the same rights, references and restrictions as the old shares in line with the below. The issuance was as a result of share options exercised by key management personnel.

The company's authorised share capital is £42,500,000 which is comprised of new ordinary shares of £0.01 each, new B shares of £0.01 each and deferred shares of £0.99 each.

Rights, preferences and restrictions

New ordinary shares have the following rights, preferences and restrictions:

New ordinary shares have one voting right per share, equal rights to dividend entitlements and the priority to receive funds on the winding up of the company.

New B shares have the following rights, preferences and restrictions:

New B shares do not have voting rights. New B shares have the same rights as the new ordinary shares with respect to dividend entitlements and the priority to receive funds on the winding up of the company.

Deferred shares have the following rights, preferences and restrictions:

Deferred shares have no voting or attendance rights. Deferred shares have no right to receive dividends. On a return of capital or the winding up of the company, each deferred share is entitled to its par value after each new ordinary share and new B share has received repayment of capital plus £1,000,000.

Notes to the financial statements *(continued)*

17. Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current loans and borrowings				
Other borrowings	<u>250,000</u>	<u>490,000</u>	<u>250,000</u>	<u>490,000</u>
	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current loans and borrowings				
Other borrowings	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>

Other borrowings

The loan is from R20 Limited and has been drawn down against the company's loan facility agreement. The amounts drawn down against the facility were interest free until 31 May 2013, but now carry a charge of 4% per annum. The loan is to be repaid in full by 2021. There is a fixed charge held over the intellectual property assets of the Group.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note. The Group's exposure to market and liquidity risks, including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

18. Obligations under leases and hire purchase contracts

Group

Operating leases

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

	2019	2018
	£	£
Within one year	315,262	400,500
In two to five years	105,479	466,403
	<u>420,741</u>	<u>866,903</u>

19. 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 £84,091 (2018 – £70,118).

There were no amounts outstanding within the creditors balance at the 30 June in relation to the pension scheme (2018: nil).

Notes to the financial statements *(continued)*

20.Share based payments

Enterprise Management Incentive scheme (EMI)

Scheme details and movements

Under the Group's Enterprise Management Incentive scheme (EMI), share options are granted to executive directors and selected employees. The exercise price of the granted options is 1p per ordinary share. Options are exercisable on disposal or flotation of the company or upon board approval. There is a ten year option exercise period from the grant date of March 2011. The Group has no legal or constructive obligation to repurchase or settle the options in cash. In calculating the fair value of these options no other market related performance conditions have been used. The fair value of the share based payment expense was £nil (2018 - £nil).

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

	2019 No.	2018 No.
Outstanding, start of period	12,320,711	12,320,711
Exercised in the year	(5,000,000)	-
Lapsed in the year	(100,000)	-
New issues	1,250,000	-
	<u>8,470,711</u>	<u>12,320,711</u>
Outstanding, end of period	<u>8,470,711</u>	<u>12,320,711</u>

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

The weighted average share price at date of exercise of share options exercised during the year was £0.03 (2018 - £0.01).

Outstanding share options

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

	2019	2018
Number of share options outstanding	8,470,711	12,320,711
Expected weighted average remaining life (years)	<u>3.00</u>	<u>3.00</u>

The option pricing model used was the Black-Scholes model.

In line with IFRS 2 and for the purposes of estimating the charge for share based payments, the following assumptions were used in valuing the 2011 share options awarded under the Black-Scholes option pricing model:

- Share price at grant of £0.01
- Exercise price, under the option contracts of £0.01 per share
- 10 year option exercise period
- An expected share price volatility of 70% based on the average volatility of the FTSE techMARK listed companies and the likelihood of a disposal of the company in the next ten years
- An expected dividend yield of £nil
- A risk free interest rate of 4.5% based on the implied yield on zero coupon government bonds.

Notes to the financial statements *(continued)*

21. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	184,308	352,167	2,594	42,126
Accrued expenses	566,313	529,283	37,030	1,529
Social security and other taxes	607,732	473,477	874	-
Other payables	25,917	27,133	17,759	20,170
	<u>1,384,270</u>	<u>1,382,060</u>	<u>58,257</u>	<u>63,825</u>

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.

22. Commitments

Group and Company

The total amount contracted for but not provided in the financial statements was £Nil (2018 - £Nil).

23. Contingent liabilities

Group and Company

The Group does not have any contingent liabilities (2018 - £Nil).

24. Financial Instruments

Investments, financial assets and liabilities, cash and cash equivalents and other interest-bearing loans and borrowings are measured at amortised costs and the Directors believe their present value is a reasonable approximation of their fair value.

Risk management

Group

The Board is charged with managing the various risk exposures.

The group is exposed to the following financial risks

- Credit Risk
- Foreign exchange risk
- Interest rate risk
- Liquidity risk

Accounting Classification

The following table shows the carrying amounts and fair values of financial assets of financial liabilities. It does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Notes to the financial statements *(continued)*

24. Financial Instruments *(continued)*

Carrying amount	2019	2018
<i>Financial assets not measured at fair value</i>		
Trade and other receivables (note 15)	3,179,761	2,540,738
Cash and cash equivalents	3,434,058	1,578,668
<i>Financial liabilities measured at amortised cost</i>		
Other interest-bearing loans and borrowings (note 17)	490,000	730,000
Trade and other creditors (note 21)	1,384,270	1,382,060

Credit risk

Financial assets past due but not impaired are disclosed in note 15 £207,543 'Trade and other receivables'.

The maximum exposure to credit risk as at 30 June 2019 was £6,576,527 (2018: £3,977,041).

The Group believes that its maximum credit risk at any one time is represented by the value of its trade receivables. In relation to credit risk to financial institutions, the group does have significant cash deposits, however the Board believes this risk to be minimal.

The Group applies IFRS 9 for recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The group manages customer credit risk through the use of credit reports and appropriate contractual documentation. Collections are tracked monthly and where payments are overdue appropriate action is taken on a timely basis.

Foreign exchange risk

The Group's revenue is substantially Sterling based, accordingly, foreign currency exposure risk to this is minimal. Costs incurred in the group's operations in India are Rupee based. Currency exposures arising from holding cash deposits in Indian Rupees are not considered to be material. The group does not hedge against these currency risks. The value of assets held in the Group's Indian subsidiary is minimal, as are this company's reserves. Accordingly the Board believes that the currency exposure on translation is minimal.

Interest rate risk

Loans advanced to the Group by R20 Limited incurs interest at the rate of 4% per annum. The Group does not envisage hedging against this risk. Accordingly, the Group believes that the interest rate risk to which the Group is exposed is minimal.

Liquidity risk

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably. To achieve this aim, it seeks to maintain cash balances to meet expected cash requirements.

The loan is from R20 Limited and has been drawn down against the Company's loan facility agreement.

Notes to the financial statements (continued)

24. Financial Instruments (continued)

Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross, not discounted and include contractual interest payments and exclude the impact of netting agreements.

	Carrying amount	1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount
Non-derivative financial liabilities						
Other interest-bearing loans and borrowings (note 17)	490,000	240,000	250,000	-	-	490,000
Trade and other creditors (note 21)	1,384,270	1,384,270	-	-	-	1,384,270

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including "current and non-current borrowings" less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Consolidated Statement of Financial Position plus net debt.

25. Related party transactions

Group

Key management personnel

Directors.

Transactions with key management personnel

Key management compensation has been disclosed in note 8 Directors' remuneration.

Other transactions with key management personnel are costs to purchase share options in Asite Limited and loans. See below the liability outstanding:

	2019	2018
Key management purchase of share options	50,000	19,929
Directors loans	12,960	12,960

Notes to the financial statements *(continued)*

25. Related party transactions *(continued)*

Summary of transactions with other related parties

Transaction with companies in which the directors of Asite Ltd are shareholders and directors are detailed below:

	Sales to		Administrative expenses incurred from	
	2019	2018	2019	2018
Nativ Limited	-	838,252	-	-
SaaS Africa	-	-	61,286	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Nativ Limited is no longer a related party in the current year.

	Receivables outstanding	
	2019	2018
	£	£
Nativ Limited	-	80,892
SaaS Africa	202	-
	<u> </u>	<u> </u>

Loans from related parties

Loans from related parties are amounts outstanding with R20 Limited as detailed below:

	R20 Limited £
2019	
At start of period	730,000
Repaid	(264,757)
Interest charged	24,757
	<u> </u>
At end of period	490,000
	<u> </u>
	R20 Limited £
2018	
At start of period	970,000
Repaid	(274,372)
Interest charged	34,372
	<u> </u>
At end of period	730,000
	<u> </u>

Notes to the financial statements *(continued)*

26. Related party transactions *(continued)*

Company

Loans to/(from) related parties

	2019 £000	2018 £000
Asite Solutions Limited	(54,763)	(430,790)
Asite Solutions Private Limited	35,480	35,480
Asite Limited	-	694,088
	<u>(19,283)</u>	<u>298,778</u>

27. Parent and ultimate parent undertaking

The ultimate controlling party is the Tchenguiz Discretionary Trust.

There is no intermediate controlling party as the ultimate controlling party holds its shares through a variety of different investments