Company Registration No. 03125867 (England and Wales)

ACTIVEOPS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

ACTIVEOPS LIMITED

COMPANY INFORMATION

Directors	K S Bawa N C Bentley P A Deller S F Finnan R J Jeffery R L H Moore P Moroney
Secretary	P A Deller
Company number	03125867
Registered office	One Valpy 20 Valpy Street Reading Berkshire RG1 1AR
Auditors	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

ACTIVEOPS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019

Fair review of the business

2018/19 has seen another significant step forward compared with the previous year, with reported revenues increasing by 16% to £18.3m. SaaS revenues have grown 20% to £13.4m organically with strong growth in our core market of Europe (up 36% YoY) and US/ Canada (up 39% YoY)

The above increase in sales from both direct sales and an emerging partner network have added new customers to the portfolio along with significant growth of existing customers that has resulted in just under 70,000 users on the Workware platform

The business has continued to invest in additional direct and partner sales resource that is expected to deliver a step change in growth in sales in subsequent years which is supported by incremental investment in Relationship Management to ensure that customers realise the business outcomes they are buying through the establishment of a Group Customer Success This function provides best practice to all regions and will ensure that customers realise the business outcomes they are buying.

Continued investment in sales relationship management and the development of the Workware platform will deliver continued growth and an upgraded user experience that also allows for faster new feature deployment to provide greater functionality for customers Non recurring professional advisor fees of £0 3m in the year led to an EBITDA loss of £0 3m compared to a gain of £0 6m for the prior year

The business has continued to amortise goodwill associated with the acquisition of the Australian franchise in April 2017 over a three year period at £1 2m per year such that the retained earnings show a loss of £1 8m in 2019 as compared to a loss of £1 1m in 2018

Principal risks and uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group s reported performance versus expectations Management looks to identify material risks and put in place contingency plans where appropriate to mitigate the Group s potential exposure As a result of the increasing demand for back office workforce optimization, the market is becoming increasingly competitive This is mitigated by building strong customer relationships along with developing the product offering to ensure that customers continue to benefit from the ongoing value of their investment in the solution

The Group operates internationally and is therefore faced with the uncertainty concerning changes in political and economic factors in different regions of the World The Group actively monitors these changes and takes action where it is thought appropriate

The Group's facilities could be disrupted by events beyond its control such as an office not being available for any reason The Group has policies and plans in place to mitigate these risks to ensure that the business can continue to operate effectively for the most foreseeable situations Movement in exchange rates is mitigated by looking to match revenues with expenses where possible

Post Balance Sheet Events

On the 31st July 2019 ActiveOps acquired OpenConnect Inc which will strengthen the customer proposition as well as providing a solid US customer base focussed in the healthcare sector The acquisition for USD $7m was funded by a new revolving credit facility of GBP £11 5m Access to these funds provides significant financial strength to the business

Development and performance

The Group has continued its investment in product and technology and expects to release Workware v7.0 in 2019 which includes a number of new features designed to enable customers to gain maximum benefit from the toolset The cost of developing the SaaS platform is expensed through the statement of comprehensive income when the costs are incurred

The group continues to deliver strong cash generation significantly ahead of EBITDA through annual in advance billing with cash in the business of £1 9m at the year end

Key performance indicators

The management team monitors a number of key performance indicators to ensure the company's strategic objectives are met These include a range of financial and non-financial measures to cover the core elements of the business

The customer base closed with 69.868 active users on the Workware platform, representing an increase of 9% over the prior year. The annuity revenue run rate or SaaS revenues at the end of March 2019 is £14.3m compared with £12.2m at the end of March 2018 an increase of 17%.

The increase in implementation revenues to £4 4m, compared to £4 1m in the prior year, has grown at a slower rate than software revenue, reflecting the strategic move to increased working with Partners to deliver implementations for customers

Other information and explanations

The business has developed a robust plan to deliver

1 **Growth** - by a portfolio of investments in regions designed to maintain current rate of growth (Europe & SA), accelerate growth (AsiaPac) and build a platform for exponential growth (US) over the next 3 years

2. **Financial Strength** - from achieving a profitable and cash generative business The business bills new customers annually in advance for SaaS services and has converted the majority of existing clients to annual in advance billing, driving an operating cashflow of £1 0m With £1 9m in the bank at the year end and access to further cash through a significant revolving credit facility, the Group is in a strong financial position.

3. **Global Authority**- by increasing the number of jurisdictions where we have a direct market presence, selling to clients with global operations and increasing our engagement with industry authorities and analysts.

On behalf of the board

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P A Deller
Director & Group CFO

25th September 2019

ACTIVEOPS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019

Strategic report
The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report information required by Schedule 7 of Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 information that would otherwise be required to be contained in the directors report Therefore please refer to the strategic report for further details regarding the performance of the Company and its Group during the year under review

Principal activities
The principal activity of ActiveOps Limited (the "Company") and its subsidiaries (the Group") continued to be the provision of hosted operations management SaaS solutions to industry leading companies around the world

Going concern
Losses generated in the year have reduced the net asset position of the Group, but the Group continues to have access to a £11.5m revolving credit facility which remains in place until 31 July 2022 and a cash balance of £2.0m at the year end.

The directors have reviewed cash flow forecasts for the business covering a period of at least twelve months from the date of approval of these financial statements, and together with the projected revenue and available banking facilities they are confident that sufficient funding is available to support ongoing trading activity and investment plans for the business The financial statements have therefore been prepared on a going concern basis

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows

K S Bawa
N C Bentley
P A Deller
S F Finnan
R J Jeffery
R L H Moore
P Moroney
J A O'Connell (Resigned on 31 December 2018)

Results and dividends
The results for the year are set out on page 9

The Company is precluded from paying a dividend

Auditor
In accordance with the Company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the Company and the Group will be put at a General Meeting

Strategic report
The Group has chosen, in accordance with Section 414C (11) of the Companies Act 2006, to present information regarding its financial risk management and future developments in the strategic report

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information

On behalf of the board

P A Deller
Director & Group CFO
25th September 2019

ACTIVEOPS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The directors are responsible for preparing the strategic report, the directors report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and its Group and of the profit or loss of the Group for that period In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and its Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and its Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and its Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIVEOPS LIMITED

Opinion

We have audited the financial statements of ActiveOps Limited (the 'parent company) and its subsidiaries (the 'Group) for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements.

- give a true and fair view of the state of the group s and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon The directors are responsible for the other information Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if in our opinion

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

Responsibilities of directors
As explained more fully in the directors responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view 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: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report

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

RSM UK Audit LLP

Jonathan Da Costa (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP Statutory Auditor
Chartered Accountants
Third Floor
One London Square,
Cross Lanes Guildford,
Surrey
GU1 1UN
30 Sept 2019

ACTIVEOPS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	18,252,264	15,679,840
Cost of sales		(4,308,289)	(3,489 596)
Gross profit		13,943,975	12,190,244
Administrative expenses		(14,254,727)	(11,546,758)
Depreciation and amortisation		(1,391,571)	(1,417,382)
Total administrative expenses		(15,646,298)	(12,964,140)
Operating loss	4	(1,702,323)	(773,896)
Interest receivable and similar income	8	23,023	22,147
Interest payable and similar expenses	9	(101,894)	(102,293)
Loss before taxation		(1,781,194)	(854,042)
Taxation	10	21,053	(234,928)
Loss for the financial year and total comprehensive income for the year		(1,760,141)	(1,088,970)

Total comprehensive income for the year is all attributable to the owners of the parent company

ACTIVEOPS LIMITED Company Registration No. 03125867

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets – Goodwill	11	1,247 915	2,495 831
Other intangible assets	11	15	209
Total intangible assets		1,247 930	2 496 040
Tangible assets	12	386 593	214 831
		1 634 523	2,710 871
Current assets			
Debtors	15	4,798,646	5 423 084
Cash at bank and in hand		1 969 322	2 583 140
		6 767,968	8,006,224
Creditors amounts falling due within one year excluding deferred income		(2 856 745)	(3 691 258)
Deferred income falling due within one year		(5 897 542)	(5 481 311)
Creditors: amounts falling due within one year	16	(8,754,287)	(9 172,569)
Net current liabilities		(1 986 319)	(1 166 345)
Total assets less current liabilities		(351 796)	1 544 526
Creditors: amounts falling due after more than one year	17	(999 184)	(1,130,061)
Net (liabilities)/assets		(1,350 980)	414 465
Capital and reserves			
Called up share capital	22	19,230	19 201
Share premium account	24	4 746 559	4 745 587
Share option reserve	24	205,144	214 055
Profit and loss account	24	(6,321,913)	(4,564 378)
Total equity attributable to owners of the parent		(1 350 980)	414,465

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 25th September 2019 and are signed on its behalf by

P A Deller
Director & Group CFO

ACTIVEOPS LIMITED **Company Registration No. 03125867**

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible fixed assets	11	-	-
Tangible assets	12	322,895	149,866
Investments	13	4,101,357	4,101,357
		4,424,252	4,251,223
Current assets			
Debtors	15	4,764,832	5,725,273
Cash at bank and in hand		857,076	1,103,662
		5,621,908	6,828,935
Creditors: amounts falling due within one year excluding deferred income		(5,307,730)	(5,088,491)
Deferred income falling due within one year		(3,530,762)	(3,607,796)
Creditors: amounts falling due within one year	16	(8,838,492)	(8,696,287)
Net current liabilities		(3,216,584)	(1,867,352)
Total assets less current liabilities		1,207,668	2,383,871
Creditors: amounts falling due after more than one year	17	(999,184)	(1,130,061)
Net assets		208,484	1,253,810
Capital and reserves			
Called up share capital	22	19,230	19,201
Share premium account	24	4,746,559	4,745,587
Share option reserve	24	205,144	214,055
Profit and loss account	24	(4,762,449)	(3,725,033)
Total equity attributable to owners of the Company		208,484	1,253,810

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss accounts and related notes The Company s loss for the year was £1,040,022 (2018 £336,325)

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 25th September 2019 and are signed on its behalf by

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P A Deller

Director & Group CFO

ACTIVEOPS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Share option reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		15,828	4,347,028	211,367	(3,481,837)	1,092,386
Loss and total comprehensive income for the year		-	-	-	(1,088,970)	(1,088,970)
Transactions with owners						
Issue of share capital	22	3,373	398,559	-	-	401,932
Grant of share options	23		-	9,117	-	9,117
Reserve transfer	23	-	-	(6,429)	6,429	-
Total transactions with owners		3,373	398,559	2,688	6,429	411,049
Balance at 31 March 2018		19,201	4,745,587	214,055	(4,564,378)	414,465
Loss and total comprehensive income for the year		-	-	-	(1,760,141)	(1,760,141)
Transactions with owners						
Issue of share capital	22	29	972	-	-	1,001
Forfeiture of share options	23	-	-	(6,305)	-	(6,305)
Reserve transfer	23	-	-	(2,606)	2,606	-
Total transactions with owners		29	972	(8,911)	2,606	5,304
Balance at 31 March 2019		19,230	4,746,559	205,144	(6,321,913)	(1,350,980)

ACTIVEOPS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Share option reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		15,828	4,347,028	211,367	(3,395,137)	1,179,086
Loss and total comprehensive expense for the year		-	-	-	(336,325)	(336,325)
Transactions with owners.						
Issue of share capital	22	3 373	398,559	-	-	401 932
Grant of share options	23	-	-	9,117	-	9,117
Reserve transfer	23	-	-	(6,429)	6,429	-
Total transactions with owners		3,373	398,559	2,688	6,429	411,049
Balance at 31 March 2018		19,201	4,745,587	214,055	(3,725,033)	1,253,810
Loss and total comprehensive expense for the year		-	-	-	(1 040,022)	(1,040,022)
Transactions with owners						
Issue of share capital	22	29	972	-	-	1,001
Grant of share options	23	-	-	(6,305)	-	(6,305)
Reserve transfer	23	-	-	(2,606)	2,606	-
Total transactions with owners		29	972	(8,911)	2,606	(5,304)
Balance at 31 March 2019		19,230	4 746,559	205,144	(4,762,449)	208,484

ACTIVEOPS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Operating activities			
Cash generated by operations	28	1,044,255	2,194,125
Interest paid		(101,894)	(102,293)
Income taxes (paid)/received		(145,945)	(269,557)
Net cash generated by operating activities		796,416	1,822,275
Investing activities			
Purchase of subsidiary		-	(3,380,861)
Purchase of tangible fixed assets		(315,735)	(199,077)
Proceeds on disposal of tangible fixed assets		777	2,769
Interest received		23,037	22,147
Net cash used in investing activities		(291,921)	(3,555,022)
Financing activities			
Proceeds from issue of shares		1,001	401,932
(Repayment)/proceeds of related party borrowings		(785,976)	655,099
Repayment of bank borrowings		(333,339)	(333,332)
Net cash generated by financing activities		(1,118,314)	723,699
Change in cash and cash equivalents in the reporting period		(613,818)	(1,009,048)
Cash and cash equivalents at beginning of the reporting period		2,583,140	3,592,188
Cash and cash equivalents at end of the reporting period		1,969,322	2,583,140
Cash and cash equivalents comprises:			
Cash at bank and in hand		1,969,322	2,583,140

ACTIVEOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

Company information

ActiveOps Limited ("the Company") is a private company limited by shares incorporated in England and Wales The registered office and principal place of business is One Valpy, 20 Valpy Street, Reading, Berkshire, RG1 1AR

The Group consists of ActiveOps Limited and all of its subsidiaries The Company's and the Group's principal activities are disclosed in the directors' report

Accounting convention

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the Company Monetary amounts in these financial statements are rounded to the nearest £

The financial statements have been prepared under the historical cost convention The principal accounting policies adopted are set out below

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £1,040,024 (2018: £336,325)

In accordance with the FRS 102 reduced disclosure framework, the Company has taken advantage in its individual financial statements of the exemption from the disclosure requirements of Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures, and has not presented its own statement of cash flows

Basis of consolidation

The consolidated financial statements incorporate those of ActiveOps Limited and all of its subsidiaries (that is entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2019

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group

The cost of a business combination is the fair value at the acquisition date of the assets given equity instruments issued and liabilities incurred or assumed plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the twelve months following the acquisition date

1. Accounting policies (Continued)

Going concern

Losses generated in the year have resulted in the Group having net liabilities at the year end, but the Group has access to a £11.5m revolving credit facility, which remains in place until 31 July 2022

The directors have reviewed cash flow forecasts for the business covering a period of at least twelve months from the date of approval of these financial statements, and together with the projected revenue and available banking facilities they are confident that sufficient funding is available to support ongoing trading activity and investment plans for the business The financial statements have therefore been prepared on a going concern basis

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes The fair value of consideration takes into account trade discounts settlement discounts and volume rebates

The Group recognises revenue depending upon the substance and legal form of the contracts with its customers

When cash inflows are deferred and represent a financing arrangement the fair value of the consideration is the present value of the future receipts The difference between the fair value of the consideration and the nominal amount received is recognised as interest income

SaaS revenue is recognised once a legally binding contract between the Group and its customer has been established and the delivery of the SaaS has commenced SaaS revenue is recognised on an accruals basis, when invoiced in advance, the income is deferred in the statement of financial position and recognised in the income statement over the length of the contract period

Revenue from contracts for the provision of implementation services is recognised by reference to the stage of completion, costs incurred and costs to complete can be estimated reliably The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is three years

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition Cash-generating units to which goodwill has been allocated are tested for impairment at least 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

1. **Accounting policies (Continued)**

Intangible fixed assets other than goodwill
Intangible assets purchased other than in a business combination are only recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably Intangible assets arising on a business combination are recognised separately from goodwill if the intangible asset is both separable and arises from legal or contractual rights The Group has the option to treat such intangible assets as part of goodwill, or separately from goodwill All other intangible assets that either arise from legal or contractual rights, or are separable, are presented within goodwill

Intangible assets are initially recognised at cost (which for any intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases

Purchased software	Three years straight line
Customer contracts	Life of contract

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases

Leasehold improvements	Three years' straight line
Plant and machinery	Three years straight line
Fixtures, fittings and equipment	Five years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss

Fixed asset investments
In the individual financial statements of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets
At each reporting end date, the Group reviews the carrying amounts of its tangible 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired

1. Accounting policies (Continued)

Impairment of fixed assets (Continued)

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 immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Cash and cash equivalents

Cash and cash equivalents include cash in hand deposits held at call with banks other short-term liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are shown within borrowings in current liabilities

Financial instruments

The Group has elected to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues of FRS 102 to all of its financial instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest

Impairment of financial assets

Financial assets other than those held at fair value through profit and loss are assessed for indicators of impairment at each reporting end date

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset s original effective interest rate The impairment loss is recognised in profit or loss

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised The impairment reversal is recognised in profit or loss

1. Accounting policies (Continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party

Classification of 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

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits

1. Accounting policies (Continued)

Taxation (Continued)

Deferred tax is recognised on income and expenses from subsidiaries associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stock or fixed asset

The cost of any unused holiday entitlement is recognised in the period in which the employee s services are received

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments

Share-based payments

The Company grants share options ("equity-settled share-based payments") to certain employees

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the estimate of shares that will eventually vest A corresponding adjustment is made to equity

Modifications and cancellations

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the modified fair value) are both determined at the date of the modification Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment The share-based payment expense is not adjusted if the modified fair value is less than the original fair value

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately

Provision is made for National Insurance Contributions (NICs) on outstanding share options that are expected to be exercised, based upon the latest enacted NIC rates at the reporting date

1. Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined

All translation adjustments are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income

2. Judgements and key sources of estimation uncertainty

In the application of the Company's and the Group s accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods

The following key judgements and estimates are considered to be of significance to the financial statements.

Useful economic life

The depreciation and amortisation charges, in respect of intangible and tangible fixed assets, are based upon estimates of the useful economic lives of the assets involved Useful economic life is assessed initially upon acquisition of the asset and thereafter reviewed annually taking into account any revisions of future use of those assets The judgements involved are informed by historical experience in relation to similar assets.

Deferred tax assets and liabilities

In respect of the tax losses of the Group, the directors are making judgements that the profits of the companies in the Group will in the future be sufficient to enable recovery of the tax losses by offset against those taxable profits In addition in respect of all deferred tax assets and liabilities, the directors are making judgements about the likely timing of the reversal of differences and therefore, the tax rate that will be applicable in the circumstances

Share based payment charges

In relation to equity-settled remuneration schemes, employee services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant. The fair value of share options is estimated by using a valuation model, which makes use, at the date of grant, of certain key statistical assumptions.

2. Judgements and key sources of estimation uncertainty (Continued)

Long service leave

The Group operates long service leave for its employees providing them with the option to take holiday at anytime throughout the holiday year As the holiday year is not co-terminus with the financial year end, an estimate is made to accrue for the anticipated cost of leave that employees are entitled to take at the financial year end

3. Turnover and other revenue

An analysis of the Group s turnover is as follows

	2019	2018
	£	£
Turnover analysed by class of business		
SaaS revenues	13 424 689	11,204 817
Implementation services	4 379 316	4 152 180
Recharged expenses	448 259	322,843
	18 252 264	15 679,840
Turnover analysed by geographical market		
Within the UK	8 125 419	6 348 211
Outside the UK	10 126 845	9 331,629
	18,252,264	15 679,840

4. Operating loss

	2019	2018
	£	£
Operating loss for the year is stated after charging (crediting)		
Exchange losses/(gains)	112 870	(56,035)
Depreciation of owned tangible fixed assets	143 475	169,282
Gain on disposal of tangible fixed assets	(279)	(1,384)
Amortisation of intangible assets	1,248,096	1 248,100
Operating lease charges	273 179	280 283

5. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Group and Company	34,445	39,000
Audit of the Company's subsidiaries	20,490	21,340
	54,935	60.340
For other services		
Other assurance services	-	9,300
Taxation compliance services	4,375	6.300
All other non-audit services	50 572	118.900
	54,947	134,500

6. Employees

The average monthly number of persons (including directors) employed by the Company and Group during the year were.

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
Sales and marketing	28	20	16	10
Information technology and product	38	38	20	18
Client services	43	41	16	14
Management and other	22	20	13	11
	131	119	65	53

Their aggregate remuneration comprised

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	9.095 980	8,074,411	5.129.252	4,480,309
Social security costs	730.302	631.948	625.511	554,775
Pension costs	440,005	361,373	195.133	171,395
	10.266.287	9.067,732	5.949.896	5,206,479

Included within the above figures is £6,305 credit in relation to the share scheme option (2018 £9.117 expense)

7. Directors' remuneration

	2019	2018
	£	£
Group		
Remuneration for qualifying services	1.047,519	1,298,573
Company pension contributions to defined contribution schemes	36,274	49,027
Sums paid to third parties for directors' services	65.559	75,888
	1,149,352	1,423,488

7. Directors' remuneration (Continued)

	2019	2018
	£	£
Remuneration disclosed above includes the following amounts payable to the highest paid director		
Remuneration for qualifying services	292 077	360 109
Company pension contributions to defined contribution schemes	6,880	12 149

The number of directors to whom retirement benefits are accruing under money purchase pension schemes was 5 (2018 6)

8. Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Other interest income	23,023	22 147

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost		
Interest on bank overdrafts and loans	46 420	70,929
Interest payable to related parties	55,474	31,364
	101,894	102,293

10. Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on loss for the current period	-	-
Foreign current tax on profit for the current period	121,036	189,278
Total current tax	121,036	189,278
Deferred tax		
Origination and reversal of timing differences	(142,089)	45,650
Total deferred tax	(142,089)	45,650
Total tax (credit)/charge	(21,053)	234,928

At the 31 March 2019, the Company and its Group had tax losses of approximately £2.5 million (2018 £1 5 million) to carry forward for off-set against future taxable profits The deferred tax asset in relation to these tax losses has been recognised on the grounds of the Group's forecast profitability

During the period, Finance Act 2017 was enacted and included legislation to hold the main rate of corporation tax at 19% with effect from 1 April 2018 and to reduce it by a further 2%, reaching 17% with effect from 1 April 2020 As this change was substantively enacted at the balance sheet date for any material amount expected to unwind after to 1 April 2020, deferred tax has been recognised at 17%

10. Taxation (Continued)

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

	2019 £	2018 £
Loss before tax	(1,781,194)	(854,042)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018 19%)	(338,427)	(162,268)
Effects of		
Tax chargeable at higher rates	37,143	13,585
Expenses that are not deductible in determining taxable profit	254,204	207,773
Tax losses utilised	-	-
Deferred tax not recognised	11,712	161,627
Research and development tax credit	-	-
Change in deferred tax rates	12,599	5,144
Fixed asset differences	3,593	-
Capital allowances differences	-	2,663
Foreign tax	-	7,634
Exchange difference arising on gross timing differences	-	(1,230)
Adjustments	(1,877)	-
Total tax (credit)/charge	(21,053)	234,928

11. Intangible fixed assets

Group	Customer contracts £	Goodwill £	Purchased software £	Intellectual property rights £	Total £
Cost					
At 1 April 2018	123,000	3,784,659	333,338	126,029	4,367,026
Disposals	-	-	-	(239)	(239)
At 31 March 2019	123,000	3,784,659	333,338	125,790	4,366,787
Amortisation and impairment					
At 1 April 2018	123,000	1,288,828	333 338	125,820	1,870,986
Amortisation charged for the year	-	1,247,916	-	180	1,248,096
Eliminated in respect of disposals	-	-	-	(225)	(225)
At 31 March 2019	123,000	2,536,744	333,338	125,775	3,118,857
Carrying amount					
At 31 March 2019	-	1,247,915	-	15	1,247,930
At 31 March 2018	-	2,495,831	-	209	2,496,040

11. Intangible fixed assets (Continued)

Company	Intellectual property rights £
Cost	
At 1 April 2018 and 31 March 2019	125,000
Amortisation and impairment	
At 1 April 2018 and 31 March 2019	125,000
Carrying amount	
At 31 March 2019	-
At 31 March 2018	-

12 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 April 2018	158 115	222,131	337,637	717,883
Additions	23 359	98,375	194 001	315,735
Disposals	-	(2,503)	-	(2 503)
At 31 March 2019	181 474	318,003	531,638	1,031 115
Depreciation and impairment				
At 1 April 2018	73 151	152,450	277,451	503,052
Depreciation charged in the year	62,314	60,653	20,508	143,475
Eliminated in respect of disposals	-	(2,005)	-	(2,005)
At 31 March 2019	135,465	211,098	297,959	644,522
Carrying amount				
At 31 March 2019	46,009	106,905	233,679	386,593
At 31 March 2018	84,964	69 681	60,186	214,831

ACTIVEOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets (Continued)

Company

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2018	120,025	149,917	197,718	467,660
Additions	774	57,516	229,918	288,208
At 31 March 2019	120,799	207,433	427,636	755,868
Depreciation and impairment				
At 1 April 2018	37,224	112,497	168.073	317,794
Depreciation charged in the year	39,206	25,890	50.083	115,179
At 31 March 2019	76,430	138,387	218 156	432.973
Carrying amount				
At 31 March 2019	44,369	69,046	209.480	322,895
At 31 March 2018	82,801	37.420	29.645	149,866

13. Fixed asset investments

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		£	£	£	£
Investments in subsidiaries	14	-	-	4,101,357	4.101,357

Movements in fixed asset investments
Company

	Shares
	£
Cost or valuation	
At 1 April 2018 and 31 March 2019	4,101,357
Carrying amount	
At 31 March 2019	4,101,357
At 31 March 2018	4,101,357

14. Subsidiaries

Details of the Company's subsidiaries at 31 March 2019 are as follows

Name of undertaking and registered office	Nature of business	Class of shareholding	Percentage held or otherwise controlled Direct	Indirect
ActiveOps Overseas Limited	Dormant	Ordinary	100	
Registered office One Valpy, 20 Valpy Street Reading Berkshire RG1 1AR United Kingdom				
ActiveOps Africa (PTY) Limited *	Management solutions	Ordinary		100
Registered office 8A Keyes Avenue Johannesburg 2196 South Africa				
Active Operations Management India *	Management solutions	Ordinary	-	100
Registered office 43 23, 2nd Cross Promenade Road Frazer Town, Bangalore 560005 India				
Red Owl Technology Limited	Management solutions	Ordinary	100	-
Registered office Roselawn House, National Technology Park Plassey, Limerick Ireland				
ActiveOps USA Inc.	Management solutions	Ordinary	100	-
Registered office, c/o National Registered Agents Inc 160 Greentree Drive, Suite 101 Dover, Delaware 19904, United States of America				
ActiveOps Canada Inc	Management solutions	Ordinary	100	-
Registered office: Suite 2300 Bentall 5 550 Burrard Street Vancouver, BC V6C 2B5 Canada				
Workware Business Systems Australia Pty Ltd	Management solutions	Ordinary	100	-
Registered office 231 Kensington Road Kensington South Australia 5068, Australia				
Active Operations Management Australia Pty Ltd **	Management solutions	Ordinary	-	100
Registered office 231 Kensington Road Kensington South Australia 5068 Australia				

* Owned indirectly through ActiveOps Overseas Limited

** Owned indirectly through Workware Business Systems Australia Pty Ltd

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year:				
Trade debtors	3.511.661	3 947.041	935.676	1.626.782
Corporation tax recoverable	199,338	174,429	11.306	11.306
Amounts due from group undertakings	-	-	3,136,296	3,353,913
Other debtors	82.840	329.149	29.178	186.098
Prepayments	123 750	158,971	109.911	131,068
Accrued income	457.019	531,545	129,223	138.687
	4.374 608	5.141.135	4.351 590	5,447.854
Amounts falling after more than one year:				
Deferred tax asset (note 20)	424.038	281,949	413.242	277 419
	4.798.646	5.423,084	4 764.832	5.725 273

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans (see note 19)	-	333,339	-	333.339
Trade creditors	330.568	426 226	218,355	358.780
Corporation tax payable	-	-	-	-
Related party loans (see note 19)	-	655.099	-	641.830
Amounts due to group undertakings	-	-	3 692.395	2.407.319
Other taxation and social security	739.480	621,746	532,688	415.935
Other creditors	143,945	47,590	29,870	12.270
Accruals	1.642,752	1 607,258	834,422	919,018
Deferred income	5.897.542	5.481,311	3,530,762	3,607.796
	8.754,287	9.172,569	8.838.492	8.696,287

17. Creditors: amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Related party loans (see notes 19 and 27)	999 184	1.130,061	999.184	1.130,061
	999.184	1,130,061	999 184	1,130,061

ACTIVEOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4 051 520	4,807,735	4 230 373	5,305,480
Equity instruments measured at cost less impairment	-	-	4 101,357	4,101 357
Carrying amount of financial liabilities				
Measured at amortised cost	3 086 579	4,173 421	5 790 347	5 790.347

19. Borrowings

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Creditors: amounts falling due within one year				
Bank loans	-	333,339	-	333,339
Related party loans	-	655 099	-	641 830
	-	988,438	-	975,169
Creditors: amounts falling due after more one year				
Related party loans	999,184	1,130 061	999,184	1,130,061
	999 184	1,130 061	999,184	1,130,061

The bank loan of £1,000,000 drawn 5 April 2016 was repaid in full on the 31 March 2019.

The Company also had access to a revolving credit facility with its bankers until 31 March 2019 No money was drawn down under this agreement during the year This facility has been replaced by an £11 5m RCF facility subsequent to the year end

The related party loans balances bear interest at LIBOR + 4% which is calculated daily, but none of the loans have formal repayment date terms - see note 27 for further information

Following the acquisition of Workware Business Systems Australia Pty Ltd & Active Operations Management Australia Pty Ltd on 1 April 2017, which was partly funded by a loan of AU$1,719,000 was fully repaid by 31 March 2019 in line with the agreement

20. Deferred taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Deferred tax assets	481,325	295,918	459,342	291,346
Deferred tax liabilities	(57,287)	(13,969)	(46,100)	(13,927)
	424,038	281,949	413,242	277,419

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
At 1 April 2018	281,949	327,599	277,419	316,542
Recognised during the year	142,089	(45,650)	135,823	(39,123)
At 31 March 2019	424,038	281,949	413,242	277,419

The major components of deferred tax are

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Tax losses carried forward	426,597	253,008	426,597	253,140
Other short-term timing differences	54,728	42,910	32,745	38,206
Accelerated capital allowances	(57,287)	(13,969)	(46,100)	(13,927)
	424,038	281,949	413,242	277,419

21. Retirement benefit schemes

Group	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	432,378	361,371

A defined contribution pension scheme is operated for all qualifying employees The assets of the scheme are held separately from those of the Group in an independently administered fund

At the year end £81,457 (2018: £78,074) was outstanding and due to the Group's pension scheme

22. Share capital

	2019 £	2018 £
Group and Company		
Ordinary share capital - Issued and fully paid		
1,309 724 (2018 1,306,825) ordinary shares of 1p each	13 097	13,068
613.282 (2018: 613 282) A ordinary shares of 1p each	6 133	6 133
	19,230	19.201

The Company's ordinary shares and A ordinary shares carry all the rights to vote and to receive dividends as are usually associated with a company's ordinary share capital however upon a winding up the ordinary shares are entitled to a repayment of issue proceeds ahead of a subsequent equitable distribution of remaining assets ranking pari passu with the A ordinary shares

During the year 2 899 ordinary shares of 1p each were issued for total consideration of £1 001, realising a share premium of £972

23. Share-based payment transactions

Unapproved Share Options Scheme

Principal terms and conditions There were a total of 86,031 (2018 104,081) options outstanding as at the balance sheet date Provided the relevant performance targets are met over the next 14 months, all options will vest

Number of employees There are currently 4 (2018 69) employees participating in the scheme

Grant Date From 22 October 2014 to 2 November 2015

Performance conditions Option holders may exercise up to 50% of their options once the vesting conditions are satisfied. In order to satisfy the vesting conditions the business must achieve the targets set by the board of directors Vested options above the 50% threshold may only be exercised in conjunction with any investment or sale

Option exercise price. From £0.01 to £8 15 per share

The expense recognisable under FRS 102 for equity settled share-based payments in respect of employee services received during the year to 31 March 2019 is £766 (2018. £878) At the balance sheet date, the FRS 102 value of outstanding options amounted to £29,537 (2018 £28,770)

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the vesting date")

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date

The following tables illustrate the number and weighted average exercise prices (WAEP), of, and movements in, share options during the year

23. Share-based payment transactions (Continued)

Group and Company	Number of share options		Weighted average exercise price	
	2019	2018	2019	2018
	Number	Number	£	£
Outstanding at 1 April	104,081	92,342	5.56	4.34
Granted	-	18,050	-	10.00
Forfeited	(18,050)	-	10 00	-
Exercised	-	(6,311)	-	0 42
Expired	-	-	-	-
Outstanding at 31 March	86,031	104,081	4 63	5 56
Exercisable at 31 March	25 200	55,849	5.95	7 26

The weighted average share price at the date of exercise for share options exercised during the year was £0 00 (2018 £0 42)

The options outstanding at 31 March 2019 had an exercise price ranging from £0 01 to £8 15, and a remaining contractual life of between 5 6 and 6 6 years.

Enterprise Management Investment Scheme Share Options

Principal terms and conditions. There were a total of 327,894 (2018 354,498) options outstanding as at the balance sheet date Provided the relevant performance targets are met over the next 14 months, all options will vest

Number of employees There are currently 13 (2018: 50) employees participating in the scheme.

Grant Date: From 19 November 2014 to 5 March 2018.

Performance conditions Option holders may exercise up to 50% of their options once the vesting conditions are satisfied. In order to satisfy the vesting conditions the business must achieve the targets set by the board of directors Vested options above the 50% threshold may only be exercised in conjunction with any investment or sale.

Option exercise price. From £0 01 to £15 00 per share.

The credit recognisable under FRS 102 for equity settled share-based payments in respect of employee services received during the year to 31 March 2019 is £7,072 (2018: £8,239 expense). At the balance sheet date, the FRS 102 value of outstanding options amounted to £175,606. (2018. £185,285).

The weighted average fair value of options granted in the year was determined using the Black-Scholes option *pricing model The Black-Scholes model is considered to apply the most appropriate valuation method due to* the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date")

The expected life used in the model has been adjusted based on management's best estimate for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

23. Share-based payment transactions (Continued)

The following tables illustrate the number and weighted average exercise prices (WAEP) of and movements in, share options during the year

Group and Company	Number of share options		Weighted average exercise price	
	2019	2018	2019	2018
	Number	Number	£	£
Outstanding at 1 April	354,498	345 735	3 19	2 58
Granted	-	25,600	-	10 00
Forfeited	(23 705)	(15 792)	8.48	1 13
Exercised	(2,899)	(1,045)	0 35	0 01
Expired	-	-		-
Outstanding at 31 March	327,894	354,498	2 93	3 19
Exercisable at 31 March	97,249	161,021	2 93	5 12

The weighted average share price for exercised options was £0 35 (2018 £0 01)

The options outstanding at 31 March 2019 had an exercise price ranging from £0 01 to £15 00 and a remaining contractual life between 5.6 and 8 9 years

24. Reserves

The reserves of the Company and its Group comprise the following

Share premium
Consideration received for shares issued above their nominal value net of transaction costs

Share option reserve
The cumulative share-based payment expense recognised in respect of outstanding share options

Profit and loss accounts
Cumulative profit and loss net of distributions to owners

25. Operating lease commitments

Lessee

The operating leases are all in relation to premises in the United Kingdom (lease expiring in March 2027 but with a five year break clause at March 2022), in South Africa (lease expiring in June 2019), in Australia (lease expiring in December 2019), and in the USA (lease expiring in March 2020)

At the balance sheet date, the Group and the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within one year	235,399	208,492	145,436	145,436
Between two and five years	290,871	481,753	290,871	436,307
	526,270	690,245	436,307	581,743

26. *Controlling party*

There is no ultimate controlling party

27. Related party transactions

The Company and the Group has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group

Group only

As at 31 March 2019 a £1,237 (2018. £2,924) short term loan was owing to Paul Moroney, a Director, from Active Operations Management Australia Pty Ltd No interest was payable on the loan.

As at 31 March 2019 a £1,494 (2018 £10,345) short term loan was owing to Darren Hauschild, an employee, from Active Operations Management Australia Pty Ltd. No interest was payable on the loan

Ravi Venkatesam and Bithi Agrawal, minority shareholders of Active Operations Management India, are also Directors of Qbar Technologies Private Limited. In the year ending 31 March 2019 Active Operations Management India made purchases from Qbar Technologies Private Limited to the value of £18,511 (2018: £18 855) No amounts were outstanding as at 31 March 2019 (2018: £1,477)

Company and Group

On the Acquisition of Workware Business Systems Australia Pty Ltd & Active Operations Management Australia Pty Ltd on 1 April 2017 five former Shareholders in those entities provided a Loan of £1,048,171 to ActiveOps Limited. At 31 March 2019 £nil (2018, £655,099) was still outstanding Interest on this loan was paid at LIBOR plus 6 7% and facility fees of £5,241 were payable each quarter.

ActiveOps Limited has received a loan from N C Bentley, a director of the Company, and at the year end, the balance outstanding was £535,859 (2018: £535,859) During the year, no repayments were made (2018. none) and N C Bentley received interest on the loan of £24,616 (2018. £18,449).

27. Related party transactions (Continued)

Company and Group (Continued)

ActiveOps Limited has received a loan from C Cawthorne, a former director of the Company and at the year end, the balance outstanding was £429 (2018 £429) During the year, no repayments were made (2018 none) and C Cawthorne received interest on the loan of £Nil (2018 £Nil) Included within other creditors is £2 581 (2018: £Nil) owed to C Cawthorne in respect of payment in advance for the exercise of share options

ActiveOps Limited has received a loan from R J Jeffery a director of the Company, and at the year end the balance outstanding was £462,797 (2018 £462 797) During the year, no repayments were made (2018 none) and R J Jeffery received interest on the loan of £21,260 (2018 £15 934)

ActiveOps Limited has received a loan from J Jones, a former director of the Company and at the year end, the balance outstanding was £Nil (2018 £27 089) During the year, repayments of £27,089 were made (2018 £Nil) and J Jones received interest on the loan of £1.244 (2018: £933)

ActiveOps Limited has received a loan from B Sime, a former director of the Company and at the year end, the balance outstanding was £99 (2018 £99) During the year, no repayments were made (2018 none) and B Sime received interest on the loan of £Nil (2018 £Nil)

ActiveOps Limited has received a loan from A Ginger an employee of the Company, and at the year end the balance outstanding was £Nil (2018 £25,562) During the year repayments of £25,562 were made (2018. £Nil) and A Ginger received interest on the loan of £1,174 (2018 £880)

ActiveOps Limited has received a loan from E Price, an employee of the Company, and at the year end, the balance outstanding was £Nil (2018 £31,176) During the year, repayments of £31 176 were made (2018 £Nil) and E Price received interest on the loan of £1,432 (2018 £1 073).

ActiveOps Limited has received a loan from M Lorrimore, a former director of the Company and at the year end, the balance outstanding was £Nil (2018: £35,182) During the year, repayments £35,182 were made (2018 £Nil) and M Lorrimore received interest on the loan of £1,616 (2018: £1,211)

ActiveOps Limited has received a loan from S O'Leary, an employee of the Company, and at the year end, the balance outstanding was £Nil (2018. £11,869). During the year, repayments of £11,869 were made (2018. £Nil) and S O Leary received interest on the loan of £545 (2018 £409)

The total amount of employee benefits received by key management personnel for their services to the Company and the Group during the year amounted to £1 025,961 (2018 £1,204,759) and the Company and the Group incurred employers national insurance contribution costs of a further £81.445 (2018 £122,076) in relation to the employment of these same members of staff

28. **Reconciliation of loss to net cash flow from operating activities**	**Group 2019 £**	**Group 2018 £**
Loss for the year after taxation	(1,760,141)	(1,088,970)
Adjustments for:		
Taxation charged/(credited)	(21,053)	234,928
Finance costs	101,894	102,293
Investment income	(23,023)	(22,147)
Gain on disposal of tangible fixed assets	(279)	(1,384)
Share based payment (credit)/expense	(6,305)	9,117
Amortisation and impairment of intangible assets	1 248,096	1,248 100
Depreciation and impairment of tangible fixed assets	143,475	169,282
Movements in working capital		
Decrease/(increase) in debtors	791,435	(29 130)
(Decrease)/increase in creditors	570,156	1 572,036
Cash generated by operating activities	1,044,255	2,194,125

Consolidated analysis of change in net debt

	1 April 2018 £	**Cashflow £**	**Non-cash movements £**	**31 March 2019 £**
Group				
Cash and cash equivalents	(2,583,140)	613,818	-	(1 969,322)
Related party loans	1,785,160	(785,976)	-	999,184
Bank loans	333,339	(333,339)	-	-
Total net debt	(464,641)	(505,497)	-	(970 138)

29. Events after the reporting date

Since the year-end ActiveOps Limited have acquired OpenConnect Inc. The Company also entered into a revolving credit agreement which gives ActiveOps Limited the potential to access up to £11.5m until the end of 31 July 2022.