

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
VIZOLUTION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2019

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VIZOLUTION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

W W Safran
S C Bentley
Ms G H Lacey
R G J Billordo
L D Matheson
A J Samuel

SECRETARY:

Neptune Secretaries Limited

REGISTERED OFFICE:

Ground Floor, Office Block A
Bay Studio Business Park
Fabian Way
Swansea
SA1 8QB

REGISTERED NUMBER:

06699620 (England and Wales)

AUDITORS:

Walker Thompson Ltd
Statutory Auditor
Empress House
43A Binley Road
Coventry
CV3 1HU

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The principal activity of the Group during the year was the development of its proprietary software platform and digital tools, and the resultant service delivery focussed on helping enterprises turn complex customer journeys into effortless experiences, by replicating face to face interactions in remote channels.

Vizolution allows clients to interact with their customers remotely and digitally send, receive, sign and store documents securely and in real time. This enables clients to digitally streamline the documentation necessary to support the transaction with their customer without the need for traditional time-consuming interactions, not only reducing the customer journey but also enhancing the customer experience.

Vizolution Limited and its subsidiaries (the "Group") comprises operations in the United Kingdom, Europe and North and South America, with main focus on the Finance, Insurance and Telecommunications sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of potential risks which may have a material impact on its reputation, financial and operational performance. The Board of Directors formally reviews and maintains appropriate processes to monitor and mitigate these risks. The key areas of on-going risk management are set out below:

Competition risks

Developments in technology provide new challenges and competition. The Group mitigates these risks by seeking continuous feedback on product performance and making enhancements to channel its Research and Development efforts; and building strong customer relationships with its clients.

Cybersecurity and security breaches

The Group's software may be at risk from cyberattacks and security breaches of the Group's or client's systems. The Group mitigates these risks by

- employing security and testing measures for the software it deploys to avert security breaches and protect proprietary information,
- having dedicated teams, robust systems and rigorous processes to mitigate cyber threats, and
- having up-to-date policies in place to ensure effective data management in accordance with GDPR.

Changes in regulations and impact of Brexit

Changes in regulation or legislation could impact the Group. The Group is currently monitoring the developments following the UK's decision to leave the European Union. The Directors believe that Brexit will not have a material impact on its ability to conduct business in the EU or any other country.

Revenue concentration

There is a risk of loss of significant licensing contracts to a competitor or alternative in-house systems as the clients seek to reduce operating costs. Historically, the Group has not experienced major churn in its customers. Furthermore, many clients continue to expand its usage to other customer journeys, subsidiaries and territories.

The business is focussing on expanding to international markets to accelerate growth and reduce its reliance on its top 10 customers.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS AND PERFORMANCE

Revenue for the year increased by 0.7% to £10,303,899 (2018: £10,234,374).

Recurring revenue accounted for 69% of total revenues at £7,114,355 (2018: £5,898,376; 58%). Professional Services revenue continues to be high (£3,189,544 in 2019) due to an increase in paid development reflecting our clients' investment into further customising and embracing Vizolution's technology.

Losses from operations were £4,609,562 (2018 : £2,831,329). The main factors contributing to this loss relate to additional investment in product development and new business generation to lay the foundation for the next stage of growth.

GOING CONCERN

After making enquiries, the Directors have confidence that the Group, supported by its shareholders, has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The net loss for the year is £3,992,520 (2018: £2,151,309). The Directors do not recommend the payment of a dividend.

ON BEHALF OF THE BOARD:

W W Safran - Director

31 July 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

W W Safran
S C Bentley
Ms G H Lacey
R G J Billordo

Other changes in directors holding office are as follows:

I M B McLaughlin - resigned 27 November 2019
A S Briggs - appointed 29 May 2019
L D Matheson - appointed 27 November 2019

A J Samuel was appointed as a director after 31 December 2019 but prior to the date of this report.

A S Briggs , O H Rees , P J Nicol and Ms G Vaughan ceased to be directors after 31 December 2019 but prior to the date of this report.

POLITICAL DONATIONS AND EXPENDITURE

The total amount of £2,420 relate to non-political donations, no political donations were made during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITORS

The auditors, Walker Thompson Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

W W Safran - Director

31 July 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Opinion

We have audited the financial statements of Vizolution Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

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

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

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 a Report of the Auditors 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.

Kim Marie Knowles (Senior Statutory Auditor)
for and on behalf of Walker Thompson Ltd
Statutory Auditor
Empress House
43A Binley Road
Coventry
CV3 1HU

31 July 2020

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
TURNOVER	4	10,303,899	10,234,374
Administrative expenses		<u>14,913,461</u> (4,609,562)	<u>13,090,703</u> (2,856,329)
Other operating income		<u>-</u>	<u>25,000</u>
OPERATING LOSS	6	<u>(4,609,562)</u>	<u>(2,831,329)</u>
Interest receivable and similar income		<u>11,126</u> (4,598,436)	<u>23,520</u> (2,807,809)
Interest payable and similar expenses	7	<u>29,635</u>	<u>30,430</u>
LOSS BEFORE TAXATION		<u>(4,628,071)</u>	<u>(2,838,239)</u>
Tax on loss	8	<u>(588,293)</u>	<u>(685,810)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4,039,778)</u>	<u>(2,152,429)</u>
Loss attributable to: Owners of the parent		<u>(4,039,778)</u>	<u>(2,152,429)</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	2019 £	2018 £
LOSS FOR THE YEAR	(4,039,778)	(2,152,429)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation	47,258	1,120
Income tax relating to other comprehensive income	<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>47,258</u>	<u>1,120</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(3,992,520)</u>	<u>(2,151,309)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(3,992,520)</u>	<u>(2,151,309)</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		8,930		-
Tangible assets	11		270,250		402,688
Investments	12		-		-
			<u>279,180</u>		<u>402,688</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	5,059,725		5,911,866	
Debtors: amounts falling due after more than one year	13	16,821		-	
Cash at bank and in hand		<u>1,650,475</u>		<u>4,757,961</u>	
		<u>6,727,021</u>		<u>10,669,827</u>	
CREDITORS					
Amounts falling due within one year	14	<u>5,873,915</u>		<u>6,657,558</u>	
NET CURRENT ASSETS			<u>853,106</u>		<u>4,012,269</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,132,286		4,414,957
CREDITORS					
Amounts falling due after more than one year	15		<u>1,034,762</u>		<u>371,736</u>
NET ASSETS			<u>97,524</u>		<u>4,043,221</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,947		2,947
Share premium	20		11,702,957		11,702,957
Other reserves	20		48,378		1,120
Retained earnings	20		<u>(11,656,758)</u>		<u>(7,663,803)</u>
SHAREHOLDERS' FUNDS			<u>97,524</u>		<u>4,043,221</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2020 and were signed on its behalf by:

W W Safran - Director

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

COMPANY BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		8,930		-
Tangible assets	11		268,439		400,878
Investments	12		-		-
			<u>277,369</u>		<u>400,878</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	5,809,495		6,271,321	
Debtors: amounts falling due after more than one year	13	16,821		-	
Cash at bank and in hand		<u>1,624,643</u>		<u>4,708,496</u>	
		<u>7,450,959</u>		<u>10,979,817</u>	
CREDITORS					
Amounts falling due within one year	14	<u>5,870,177</u>		<u>6,645,384</u>	
NET CURRENT ASSETS			<u>1,580,782</u>		<u>4,334,433</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,858,151		4,735,311
CREDITORS					
Amounts falling due after more than one year	15		<u>1,034,762</u>		<u>371,736</u>
NET ASSETS			<u>823,389</u>		<u>4,363,575</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,947		2,947
Share premium	20		11,702,957		11,702,957
Retained earnings	20		<u>(10,882,515)</u>		<u>(7,342,329)</u>
SHAREHOLDERS' FUNDS			<u>823,389</u>		<u>4,363,575</u>
Company's loss for the financial year			<u>(3,587,009)</u>		<u>(2,157,536)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2020 and were signed on its behalf by:

W W Safran - Director

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2018	2,698	(5,511,374)	6,703,206	-	1,194,530
Changes in equity					
Deficit for the year	-	(2,152,429)	-	-	(2,152,429)
Other comprehensive income	-	-	-	1,120	1,120
Total comprehensive income	-	(2,152,429)	-	1,120	(2,151,309)
Issue of share capital	249	-	4,999,751	-	5,000,000
Balance at 31 December 2018	2,947	(7,663,803)	11,702,957	1,120	4,043,221
Changes in equity					
Deficit for the year	-	(4,039,778)	-	-	(4,039,778)
Other comprehensive income	-	-	-	47,258	47,258
Total comprehensive income	-	(4,039,778)	-	47,258	(3,992,520)
Credit relating to equity-settled share- based payments	-	46,823	-	-	46,823
Balance at 31 December 2019	2,947	(11,656,758)	11,702,957	48,378	97,524

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2018	2,698	(5,184,793)	6,703,206	1,521,111
Changes in equity				
Issue of share capital	249	-	4,999,751	5,000,000
Total comprehensive income	-	(2,157,536)	-	(2,157,536)
Balance at 31 December 2018	<u>2,947</u>	<u>(7,342,329)</u>	<u>11,702,957</u>	<u>4,363,575</u>
Changes in equity				
Credit relating to equity-settled share- based payments	-	46,823	-	46,823
Total comprehensive income	-	(3,587,009)	-	(3,587,009)
Balance at 31 December 2019	<u>2,947</u>	<u>(10,882,515)</u>	<u>11,702,957</u>	<u>823,389</u>

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(4,537,411)	(3,390,968)
Tax paid		<u>688,327</u>	<u>550,067</u>
Net cash from operating activities		<u>(3,849,084)</u>	<u>(2,840,901)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(10,370)	-
Purchase of tangible fixed assets		(44,311)	(437,818)
Interest received		<u>15</u>	<u>23,520</u>
Net cash from investing activities		<u>(54,666)</u>	<u>(414,298)</u>
Cash flows from financing activities			
New loans		1,000,000	-
Loan repayments		(185,212)	(166,003)
Interest paid		(29,635)	(30,430)
Proceeds from share issue		<u>-</u>	<u>5,000,000</u>
Net cash from financing activities		<u>785,153</u>	<u>4,803,567</u>
(Decrease)/increase in cash and cash equivalents		<u>(3,118,597)</u>	<u>1,548,368</u>
Cash and cash equivalents at beginning of year	2	4,757,961	3,209,593
Effect of foreign exchange rate changes		<u>11,111</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u>1,650,475</u>	<u>4,757,961</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
Loss before taxation	(4,628,071)	(2,838,239)
Depreciation charges	178,188	166,769
Share based payments	46,823	-
Net foreign exchange differences	47,258	1,120
Finance costs	29,635	30,430
Finance income	(11,126)	(23,520)
	<u>(4,337,293)</u>	<u>(2,663,440)</u>
Decrease in trade and other debtors	735,288	2,058,742
Decrease in trade and other creditors	(935,406)	(2,786,270)
Cash generated from operations	<u>(4,537,411)</u>	<u>(3,390,968)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>1,650,475</u>	<u>4,757,961</u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>4,757,961</u>	<u>3,209,593</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank and in hand	<u>4,757,961</u>	<u>(3,107,486)</u>	<u>1,650,475</u>
	<u>4,757,961</u>	<u>(3,107,486)</u>	<u>1,650,475</u>
Debt			
Debts falling due within 1 year	(185,212)	112,810	(72,402)
Debts falling due after 1 year	-	(927,599)	(927,599)
	<u>(185,212)</u>	<u>(814,789)</u>	<u>(1,000,001)</u>
Total	<u>4,572,749</u>	<u>(3,922,275)</u>	<u>650,474</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATUTORY INFORMATION

Vizolution Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Vizolution Limited disclosure exemptions

In preparing the separate financial statements of Vizolution Limited (the "Company"), advantage has been taken of the following disclosure exemptions available in FRS 102:

-No cash flow statement has been presented for the Company;

-Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and

-No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Vizolution Limited and its subsidiary ("the Group") as if they formed a single entity. Intergroup transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Turnover

Vizolution generates revenue primarily from the provision of its CX-technology (software) and professional services where the client requires consultancy services to, for example, develop, customise, integrate and enhance its internal systems, platforms and digital tools.

Revenue is recognised once a legally binding contract has been established between the company and the customer, and the delivery of the service has commenced, and only providing the amount of revenue can be measured reliably and it is probable that the company will receive consideration.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales taxes.

Software

Licence fees, support and maintenance revenues are bundled together, as the revenue streams have no individual value as standalone items, due to the specific nature of the software and its connected services. As such, these elements are considered as being intertwined and inseparable due to their value together. Maintenance is incurred throughout the term of the licence on an ongoing basis. Support is provided throughout the licence period and varies depending on product usage, performance and customer requirements.

Revenue is priced as either fixed license fee or on a cost per usage basis (e.g. completed transactions or number of licenced users). Revenue from fixed priced licences is recognised on an accrual basis and when, invoiced in advance, the income is deferred on the balance sheet and recognised in the statement of comprehensive income from the licence start date and over the term of the such licence, which is also the period in which the services are rendered, on a straight line basis. Revenue from cost per usage contracts is recognised in the statement of comprehensive income on an accrual basis according to the volumes handled in such period, taking into consideration minimum commitment fees.

Professional services

Professional service revenues are recognised when the service has been delivered. If billed in advance, the amount related to consultancy days not yet delivered at the end of the period is deferred on the balance sheet and recognised in the statement of comprehensive income as the service takes place.

Intangible assets

Patents for Vizolution software were purchased during the year. Patents are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents are being amortised evenly over their estimated useful life of three years. Amortisation is charged to Administrative expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets consist of leasehold improvements, fixtures and furniture, office and IT equipment. These assets are initially recognised at cost including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the assets.

Improvements to property - Straight line over period of the lease

Fixtures and fittings - Straight line over 24 months

Office equipment - Straight line over 24 months

Fixed assets are tested annually for impairment. Any impairment charge is recognised in administrative expenses within the Income Statement in the year in which it occurs

Financial instruments

Financial assets held by the company include trade and other receivables, loans to group undertakings as well as cash and cash equivalents, which are initially recognised at transactions price, unless the arrangement constitutes a financing transaction.

Due to their short term nature, the carrying value of financial assets approximate their fair value.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default, or significant delay in payment) that the Group would be unable to collect all of the amounts due. The amount of such provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. The impairment loss is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturity of three months or less.

Financial liabilities

Financial liabilities include trade and other payables and loans. All financial liabilities are initially recognised at fair value including directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment are due within one year. If not, they are presented as non-current liabilities.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling Pound, which is the Company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'interest receivable and similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Share-based payments

Certain employees participate in the Group's share option scheme which provides additional remuneration for those employees who are considered key to the operations of the Group. The award is given in the form of shares options ('equity-settled transactions') in exchange for their services.

The Group has applied the requirements of FRS 102 Share-based Payments to all grants of equity instruments.

The options are granted with a fixed exercise price, are exercisable upon meeting certain market conditions and expire ten years after the date of grant. Employees are not entitled to dividends until the options are exercised. Vesting of the options is subject to continued employment with the Group until exercised (service vesting condition), otherwise the awards lapse.

The fair value of equity settled transactions with employees is measured by reference to the fair value of the equity instrument at the grant date which is determined by using a Black Scholes model, which is a generally accepted valuation method that uses market data to the greatest extent practicable to estimate what the price of those equity instruments would be on at grant date in an arm's length transaction.

The cost of equity-settled transactions is recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in equity, over the period in which the service and any other performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). At each balance sheet date before vesting, the cumulative expense is recalculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of vesting conditions and the number of equity instruments that will ultimately vest. No expense or increase in equity is recognised for awards that do not ultimately vest.

Market conditions and other non-vesting conditions are taken into account in determining the fair value of the options at grant date, and are subsequently not adjusted for. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is met, provided that all other performance conditions are satisfied.

Investments in subsidiaries and associates

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In the opinion of the Directors, there are no estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Areas where estimates and judgements have been applied are disclosed below :

I. Amortisation of intangible assets

Management has had to apply judgement in estimating the useful economic lives of the asset. The useful economic life of each intangible has been estimated after taking into consideration pace of technological change in the sector and estimated net present value of economic benefits derived from the asset.

II. Fair value of fixed and intangible assets

Management has had to apply estimation in determining whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

III. Lease commitments

Management has had to apply judgement to determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

4. TURNOVER

The whole of the Group's revenue is attributable to the provision of services relating to the performance obligations satisfied from contracts with customers, the principal activity of the Group.

31.7% of the company's turnover was derived from overseas markets (2018: 37.7%).

	2019	2018
	£	£
UK	7,039,206	6,380,122
Europe	1,700,094	2,517,661
Rest of the world	1,564,599	1,336,591
	<u>10,303,899</u>	<u>10,234,374</u>

5. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	9,658,490	8,342,623
Social security costs	861,741	728,985
Other pension costs	632,521	568,296
	<u>11,152,752</u>	<u>9,639,904</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018
Development	65	60
Management and Admin	6	7
Sales	17	19
IT	8	7
Operations	14	10
Delivery	33	26
Marketing	5	5
Customer Success	6	2
	<u>154</u>	<u>136</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 2 (2018 - 3) .

	2019	2018
	£	£
Directors' remuneration	<u>616,182</u>	<u>622,439</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>182,500</u>	<u>224,375</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	176,749	166,768
Patents and licences amortisation	1,440	-
Foreign exchange differences	106,176	35,940
Auditors Remuneration	<u>9,000</u>	<u>7,500</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Other interest	10	-
Loan interest	<u>29,625</u>	<u>30,430</u>
	<u>29,635</u>	<u>30,430</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

8. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019 £	2018 £
Current tax:		
R & D tax credit	(590,768)	(690,800)
Foreign tax paid	<u>2,475</u>	<u>4,990</u>
Tax on loss	<u>(588,293)</u>	<u>(685,810)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Foreign currency translation	<u>47,258</u>	<u>-</u>	<u>47,258</u>
	Gross £	2018 Tax £	Net £
Foreign currency translation	<u>1,120</u>	<u>-</u>	<u>1,120</u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. INTANGIBLE FIXED ASSETS

Group

	Patents and licences £
COST	
Additions	<u>10,370</u>
At 31 December 2019	<u>10,370</u>
AMORTISATION	
Amortisation for year	<u>1,440</u>
At 31 December 2019	<u>1,440</u>
NET BOOK VALUE	
At 31 December 2019	<u>8,930</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. **INTANGIBLE FIXED ASSETS - continued**

Company

	Patents and licences £
COST	
Additions	<u>10,370</u>
At 31 December 2019	<u>10,370</u>
AMORTISATION	
Amortisation for year	<u>1,440</u>
At 31 December 2019	<u>1,440</u>
NET BOOK VALUE	
At 31 December 2019	<u>8,930</u>

11. **TANGIBLE FIXED ASSETS**

Group

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 January 2019	242,518	54,064	511,457	808,039
Additions	<u>4,900</u>	<u>1,697</u>	<u>37,714</u>	<u>44,311</u>
At 31 December 2019	<u>247,418</u>	<u>55,761</u>	<u>549,171</u>	<u>852,350</u>
DEPRECIATION				
At 1 January 2019	17,411	34,499	353,441	405,351
Charge for year	<u>27,023</u>	<u>14,864</u>	<u>134,862</u>	<u>176,749</u>
At 31 December 2019	<u>44,434</u>	<u>49,363</u>	<u>488,303</u>	<u>582,100</u>
NET BOOK VALUE				
At 31 December 2019	<u>202,984</u>	<u>6,398</u>	<u>60,868</u>	<u>270,250</u>
At 31 December 2018	<u>225,107</u>	<u>19,565</u>	<u>158,016</u>	<u>402,688</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS - continued

Company

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 January 2019	242,518	52,426	511,285	806,229
Additions	<u>4,900</u>	<u>1,697</u>	<u>37,713</u>	<u>44,310</u>
At 31 December 2019	<u>247,418</u>	<u>54,123</u>	<u>548,998</u>	<u>850,539</u>
DEPRECIATION				
At 1 January 2019	17,411	34,499	353,441	405,351
Charge for year	<u>27,023</u>	<u>14,864</u>	<u>134,862</u>	<u>176,749</u>
At 31 December 2019	<u>44,434</u>	<u>49,363</u>	<u>488,303</u>	<u>582,100</u>
NET BOOK VALUE				
At 31 December 2019	<u>202,984</u>	<u>4,760</u>	<u>60,695</u>	<u>268,439</u>
At 31 December 2018	<u>225,107</u>	<u>17,927</u>	<u>157,844</u>	<u>400,878</u>

12. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary:

Vizolution Inc.

Registered office: United States

Nature of business: Information technology consultancy activities

	%
Class of shares:	holding
Common Stock	100.00

13. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	714,638	992,212	714,638	992,212
Other debtors	3,561,261	3,986,652	3,561,261	3,986,652
Amounts owed by group undertakings	-	-	749,770	360,319
Tax	590,768	690,800	590,768	690,800
VAT	-	37,957	-	37,957
Prepayments and accrued income	<u>193,058</u>	<u>204,245</u>	<u>193,058</u>	<u>203,381</u>
	<u>5,059,725</u>	<u>5,911,866</u>	<u>5,809,495</u>	<u>6,271,321</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

13. **DEBTORS - continued**

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Amounts falling due after more than one year:				
Other debtors	<u>16,821</u>	<u>-</u>	<u>16,821</u>	<u>-</u>
Aggregate amounts	<u>5,076,546</u>	<u>5,911,866</u>	<u>5,826,316</u>	<u>6,271,321</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Other loans (see note 16)	72,402	185,212	72,402	185,212
Trade creditors	202,688	474,053	202,687	473,658
Social security and other taxes	390,019	296,572	390,019	296,572
VAT	58,532	-	58,532	-
Other creditors	88,188	123,343	84,451	123,343
Accruals and deferred income	<u>5,062,086</u>	<u>5,578,378</u>	<u>5,062,086</u>	<u>5,566,599</u>
	<u>5,873,915</u>	<u>6,657,558</u>	<u>5,870,177</u>	<u>6,645,384</u>

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Other loans (see note 16)	927,599	-	927,599	-
Other creditors	52,163	-	52,163	-
Accruals and deferred income	<u>55,000</u>	<u>371,736</u>	<u>55,000</u>	<u>371,736</u>
	<u>1,034,762</u>	<u>371,736</u>	<u>1,034,762</u>	<u>371,736</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	<u>72,402</u>	<u>185,212</u>	<u>72,402</u>	<u>185,212</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>308,324</u>	<u>-</u>	<u>308,324</u>	<u>-</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>619,275</u>	<u>-</u>	<u>619,275</u>	<u>-</u>

The Group received a £1,000,000 loan in the period ended 31st December 2019. The loans are subject to 10% interest rate and are repayable monthly over a 36-month period commencing 22 October 2020.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	280,020	272,967
Between one and five years	<u>134,687</u>	<u>350,560</u>
	<u>414,707</u>	<u>623,527</u>

Lease payments recognised as an expense:

	2019	2018
	£	£
	<u>264,517</u>	<u>278,051</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other loans	<u>1,000,001</u>	<u>185,212</u>	<u>1,000,001</u>	<u>185,212</u>

The loan is secured by a fixed and floating charge on all present and future assets of the Group, including cash and accounts receivable.

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	2018
			£	£
29,470,169	Ordinary	£0.0001	<u>2,947</u>	<u>2,947</u>

20. **RESERVES**

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2019	(7,663,803)	11,702,957	1,120	4,040,274
Deficit for the year	(4,039,778)			(4,039,778)
Currency translation effect	-	-	47,258	47,258
Credit relating to equity-settled share based payments	46,823	-	-	46,823
At 31 December 2019	<u>(11,656,758)</u>	<u>11,702,957</u>	<u>48,378</u>	<u>94,577</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2019	(7,342,329)	11,702,957	4,360,628
Deficit for the year	(3,587,009)		(3,587,009)
Credit relating to equity-settled share based payments	46,823	-	46,823
At 31 December 2019	<u>(10,882,515)</u>	<u>11,702,957</u>	<u>820,442</u>

21. **RELATED PARTY DISCLOSURES**

Key management personnel of the entity or its parent (in the aggregate)

	2019	2018
	£	£
Purchases	<u>68,000</u>	<u>70,000</u>

Entities that provide key management personnel services to the entity

	2019	2018
	£	£
Purchases	<u>40,780</u>	<u>40,780</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

22. ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party at the reporting date.

23. SHARE-BASED PAYMENT TRANSACTIONS

A reconciliation of share option movements over the year to 31 December 2019 is shown below:

		2019		2018	
		No. of	Weighted	No. of	Weighted
		options	average	options	average
			exercise		exercise
			price		price
£	£				
Outstanding at 1st January		1,996,350	0.5592	1,420,283	0.4345
Granted		20,000	2.0062	611,067	0.8383
Forfeited		(41,250)	0.8383	(18,750)	0.4063
Lapsed		(210,015)	1.9360	(16,250)	0.3398
Outstanding at 31st December		<u>1,765,085</u>	<u>0.5903</u>	<u>1,996,350</u>	<u>0.5592</u>
Exercisable at 31st December		<u>1,329,551</u>	<u>0.4937</u>	<u>1,235,675</u>	<u>0.2549</u>

The total charge for the year was £46,823.

The company has a loan with IL2 who have a Warrant Instrument with Vizolution.

The warrants have the right to exercise a number of options, which at the balance sheet date totalled £180,206 (2018: £131,217)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.