

REGISTERED NUMBER: 03655545 (England and Wales)

Visualsoft Limited
Annual Report and Financial Statements
for the Year Ended 30 June 2020



Visualsoft Limited

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for the Year Ended 30 June 2020**

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Visualsoft Limited

**Company Information
for the Year Ended 30 June 2020**

Directors:

Mr T Johnson
Mr D Duke
Mr N Innes

Registered office:

Visualsoft House
Princes Wharf
Thornaby
Stockton On Tees
TS17 6QY

Registered number:

03655545 (England and Wales)

Independent auditors:

PricewaterhouseCoopers LLP
Level 5 and 6 Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers:

Barclays Bank Plc
Leicester
LE87 2BB

Visualsoft Limited

**Strategic Report
for the Year Ended 30 June 2020**

The directors present their Strategic Report for the year ended 30 June 2020.

Company overview

2020 has been another year of growth for Visualsoft, just over 1% of all UK online retail transactions now happen on our platform. We have expanded our presence in Dubai and continue to increase our office footprint in Manchester and Newcastle.

Visualsoft is well resourced with excellent and highly trained staff, meaning we are ideally placed to form a one stop shop for SME sized businesses who need not only website and hosting but also all the wrap around marketing services. By serving as an extension of our clients' business we make ourselves an essential partner in their online journey. It's exciting to see the many growth stories which we have worked hand in hand with our clients to deliver.

To support this growth and development we have made further investments in office space, facilities and staff. In addition we have begun work on enhancing our core technology. As a result of this we have seen continuous month of month site speed improvements, a crucial factor in our client's online success.

In the latter part of the financial year we met the challenge of COVID-19. Whilst there were issues initially as our clients came to terms with the new commercial landscape, we have found that our products and systems have ensured we were well placed to enable our clients to thrive in a significantly accelerated online environment. It is apparent that the products and services Visualsoft provide will be increasingly essential to retailers, not only in the short term but also in a post COVID-19 world.

Financial Highlights

	£'000	Increase/decrease
Company revenue	16,514	10.74% increase
Net assets	8,813	21.98% increase

CEO Statement

2019/20 has been a memorable and very positive year for Visualsoft. Building on the hard work of previous years we made strides in delivering on our ambitious growth plans. Unfortunately for the world we have had the major interruption of COVID-19. Fortunately for Visualsoft, and despite some initial negatives, this virus has only served to accelerate an already buoyant eCommerce sector. As a result we have seen some spectacular growth for clients using our services.

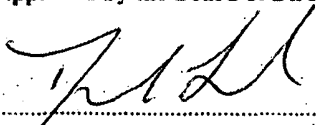
It remains, as always, our core aim to consistently deliver innovations that provide competitive advantage for our clients and to ensure that we are at the cutting edge of online retail. To that end we continue to invest in research and development and to launch exciting new products and innovations such as improved search and a myriad of speed improvements.

In recent years we have worked tirelessly to improve not only our platform and wider technological offerings but also our customer service. By putting the customer at the heart of everything we do we can ensure that our objectives and priorities are totally aligned with the business we serve, and with whose growth our own is intrinsically linked.

Visualsoft remains committed to sustainable growth. As our client base grows, and our staff numbers with it we will continue to expand our offices. This year we launched our second space in Newcastle. This year however, and perhaps more importantly, we launched a seamless virtual office that allows our staff to work from home without interruption or delay. I am pleased to say that Visualsoft has suffered an absolute minimum of business interruption as a result of working remotely and can continue to do so indefinitely if needs be.

		Increase/decrease
Bandwidth served (Terrabytes)	2,018	62.3% increase
Orders processed (£'000)	13,181	14.1% increase
Platform revenue (£'000)	901,579	19.5% increase

Approved by the Board of Directors and signed on its behalf by:


..... DAVID DUKE
Mr D Duke - Director

Date: 17/03/21

Visualsoft Limited

Directors' Report for the Year Ended 30 June 2020

The directors present their Annual Report and audited financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the Company continued to be that of provider of e-commerce services.

Results and dividends

The results for the year are set out on page 8.

No dividends were paid (2019: £Nil). The directors do not recommend payment of a final dividend.

Directors

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

Mr D Benson (Resigned on 9 November 2020)

Mr T Johnson

Mr D Duke

Mr M Leader (Resigned on 9 November 2020)

Mr N Innes

Mr M McDermott (Resigned on 9 November 2020)

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits and bank loans. The Company aims to maintain cash reserves over operational requirements to minimise this risk.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Research and development

The Company operates in a market with rapidly changing technologies. To mitigate this risk the Company employs a team which is constantly researching new developments and potential revenue streams.

Future developments

The Company will continue to develop both products and partnerships to maintain their market leading position.

Disability policy

The Company is committed to providing equality of opportunity to employees and potential employees. This applies to recruitment, training, career development and promotion for all employees, regardless of physical ability, gender, sexual orientation, religion, age or ethnic origin. Full and fair consideration is given to employment applications by disabled persons wherever suitable opportunities exist, having regard to their particular aptitudes and abilities. Training and career development support is provided where appropriate. Should an employee become disabled, efforts are made to ensure their continued employment with the Company, with retraining being provided if necessary.

Visualsoft Limited

**Directors' Report - continued
for the Year Ended 30 June 2020**

Engagement with employees

The Company has an inclusive approach to recruitment, retention and promotion of employees. Employees are appointed according to their role and talent, with a focus on inclusivity. We are entirely committed to equality and diversity within the workplace and this is always high priority in our people strategy.

The Company places value on the involvement of its employees and has and will continue to keep them informed on matters affecting them as employees and on the various factors affecting performance of the Company.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements

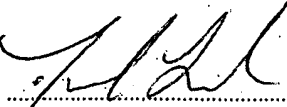
Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the forthcoming Annual General Meeting.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors individually 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 auditors are aware of that information.

Approved by the Board of Directors and signed on its behalf by:


..... DAVID DUKE
Mr D Duke - Director

Visualsoft House
Princes Wharf
Thornaby
Stockton On Tees
TS17 6QY

Date: 17/03/21.....

Visualsoft Limited

Statement of Directors' Responsibilities for the Year Ended 30 June 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Visualsoft Limited

Independent Auditors' Report to the Members of Visualsoft Limited

Report on the audit of the financial statements

Opinion

In our opinion, Visualsoft Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2020; the Profit and Loss Account, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information 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, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Visualsoft Limited

**Independent Auditors' Report to the Members of
Visualsoft Limited - continued**

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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 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 an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.


Jonathan Greenaway (Senior Statutory Auditor) for
and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
United Kingdom

Date: 17 March 2021

Visualsoft Limited

**Profit and Loss Account
for the Year Ended 30 June 2020**

	Note	2020 £	2019 £
Turnover	3	16,514,141	14,912,059
Cost of sales		(10,244,171)	(9,400,274)
Gross profit		<u>6,269,970</u>	<u>5,511,785</u>
Administrative expenses		(4,946,107)	(4,244,458)
Other operating income		360,814	183,856
Operating profit		<u>1,684,677</u>	<u>1,451,183</u>
Interest payable and similar expenses	6	(56,153)	(142,714)
Profit before taxation	7	<u>1,628,524</u>	<u>1,308,469</u>
Tax on profit	8	(41,457)	(59,420)
Profit for the financial year		<u><u>1,587,067</u></u>	<u><u>1,249,049</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations. The note on pages 12 to 26 from an integral part of these financial statements.

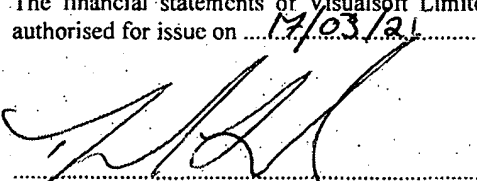
There were no items of other comprehensive income or losses for the current or prior year other than those included in the Profit and Loss Account, accordingly no Statement of Comprehensive Income is presented.

Visualsoft Limited

**Balance Sheet
As at 30 June 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	202,416	100,716
Tangible assets	10	1,831,739	1,612,227
Investment property	11	800,000	800,000
		<u>2,834,155</u>	<u>2,512,943</u>
Current assets			
Debtors	12	9,394,494	7,162,757
Cash at bank and in hand		2,490,231	1,330,216
		<u>11,884,725</u>	<u>8,492,973</u>
Creditors			
Amounts falling due within one year	13	(2,850,442)	(1,883,721)
Net current assets		<u>9,034,283</u>	<u>6,609,252</u>
Total assets less current liabilities		<u>11,868,438</u>	<u>9,122,195</u>
Creditors			
Amounts falling due after more than one year	14	(2,908,653)	(1,738,230)
Provisions for liabilities	17	(146,804)	(158,051)
Net assets		<u>8,812,981</u>	<u>7,225,914</u>
Capital and reserves			
Called up share capital	21	100	100
Property revaluation reserve	21	201,385	201,385
Profit and loss account	21	8,611,496	7,024,429
Total shareholders' funds		<u>8,812,981</u>	<u>7,225,914</u>

The financial statements of Visualsoft Limited (registered number: 03655545) were approved by the Board of Directors and authorised for issue on 17/03/21 and were signed on its behalf by:


.....
Mr D Duke - Director

Visualsoft Limited

**Statement of Changes in Equity
for the Year Ended 30 June 2020**

	Called up share capital £	Property revaluation reserve £	Profit and loss account £	Total £
Balance at 1 July 2018	100	201,385	5,775,380	5,976,865
Profit and total comprehensive income	-	-	1,249,049	1,249,049
Balance at 30 June 2019	100	201,385	7,024,429	7,225,914
Profit and total comprehensive income	-	-	1,587,067	1,587,067
Balance at 30 June 2020	100	201,385	8,611,496	8,812,981

Visualsoft Limited**Statement of Cash Flows
for the Year Ended 30 June 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash from operating activities	26	1,477,368	1,187,743
Cash flows from investing activities			
Purchase of tangible fixed assets		(540,822)	(383,148)
Capitalisation of development costs		(101,700)	(100,716)
Net cash used in investing activities		<u>(642,522)</u>	<u>(483,864)</u>
Cash flows from financing activities			
Repayment of bank loans		(143,680)	(58,959)
Loans received		1,475,967	150,000
Payment of finance lease obligations		(72,008)	(63,671)
Loans repaid to directors		(935,110)	(577,654)
Net cash generated in / (used in) financing activities		<u>325,169</u>	<u>(550,284)</u>
Increase in cash and cash equivalents		1,160,015	153,595
Cash and cash equivalents at beginning of year	26	<u>1,330,216</u>	<u>1,176,621</u>
Cash and cash equivalents at end of year	26	<u><u>2,490,231</u></u>	<u><u>1,330,216</u></u>

Visualsoft Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1.1 General information and basis of accounting

Visualsoft Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest £.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Visualsoft Holdings Limited, which may be obtained from Princes Wharf, Thornaby, Stockton on Tees, Cleveland, TS17 6QY. Exemptions have been taken in these separate Company financial statements in relation to related party transactions.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The Company sells e-commerce services to online retailers. For sales of services (primarily the provision of platform services and online marketing), turnover is recognised in the accounting period in which the services are rendered.

Turnover from contracts for the provision of websites is recognised by reference to the stage of completion and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Marketing days turnover

Clients unused marketing days lapse at the end of each calendar month. The directors make a judgement regarding those days which, for non contractual reasons, remain deliverable. This judgement is made based on regularly produced management information.

1.4 Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding shall be recognised as an expense in the Profit and Loss Account as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new or substantially new or substantially improved products and processes, shall be capitalised if the product or process meet the recognition criteria for development expenditure.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation of development expenditure should commence when the activity has been completed in the manner intended. Development expenditure should be amortised to zero over the expected useful life of the asset subject to a maximum of 5 years.

Visualsoft Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2020

1. Accounting policies - continued

1.5 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:

Freehold building	30 years straight line
Plant and machinery	3 years straight line
Computer equipment	3 years straight line
Leasehold property improvements	4 years straight line

Freehold land is not depreciated.

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 the Profit and Loss Account.

1.6 Intangible assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows;

Capitalised development costs 1-5 years

1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the Profit and Loss Account.

1.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Profit and Loss Account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

1. Accounting policies - continued

1.10 Financial instruments

The Company 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 in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 the Profit and Loss Account.

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 the Profit and Loss Account.

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 Company 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.

Visualsoft Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2020

1. Accounting policies - continued

1.10 Financial instruments - continued

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 Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Profit and Loss Account in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Visualsoft Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2020

1. Accounting policies - continued

1.12 Taxation - continued

Deferred tax - continued

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Profit and Loss Account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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 fixed assets.

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.

The Company operates a share option incentive scheme for certain directors. The fair value of options granted, if material, is recognised as an employee expense in the Profit and Loss Account with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using a valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the Profit and Loss Account, if material, is adjusted at each Balance Sheet date to reflect the number of share options that vest revised for estimated achievement of non-market based vesting conditions.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the Balance Sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Profit and Loss Account so as to produce a constant rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Visualsoft Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Marketing days turnover

Client's unused marketing days lapse at the end of each calendar month. The directors make a judgement regarding those days which, for non-contractual reasons, remain deliverable. This judgement is made based on regularly produced management information.

Key sources of estimation uncertainty

There are no significant account balances or transactions which involve key sources of estimation uncertainty.

3. Turnover

An analysis of the Company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
E-commerce services	16,514,141	14,912,059
	2020 £	2019 £
Other operating income		
Rental income	124,625	124,625
Service charge receivable	63,344	59,231
Furlough grant income	172,845	-
	<u>360,814</u>	<u>183,856</u>
Turnover analysed by geographical location		
	2020 £	2019 £
UK	15,667,321	14,644,633
Rest of Europe	200,725	163,822
Rest of the World	646,095	103,604
	<u>16,514,141</u>	<u>14,912,059</u>

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

4. Employees and directors

	2020	2019
	£	£
Wages and salaries	8,647,757	7,977,091
Social security costs	854,718	774,871
Other pension costs	168,207	118,291
	<u>9,670,682</u>	<u>8,870,253</u>

The average monthly number of persons (including directors) employed by the Company during the year was:

	2020	2019
	No.	No.
Administration	32	22
Sales and service	251	258
	<u>283</u>	<u>280</u>

5. Directors' emoluments

	2020	2019
	£	£
Remuneration for qualifying services	863,703	830,000
Company pension contributions to defined contribution schemes	6,575	4,467
	<u>870,278</u>	<u>834,467</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2019 - 5). The directors are considered to be the only key management personnel of the Company.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	155,822	145,751
Company pension contributions to defined contribution schemes	1,315	934
	<u>157,137</u>	<u>146,685</u>

6. Interest payable and similar expenses

	2020	2019
	£	£
Total interest payable	<u>56,153</u>	<u>142,714</u>

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

7. Profit before taxation

The profit before taxation is stated after charging:

	2020	2019
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	30,000	24,000
Depreciation of owned tangible fixed assets	84,543	79,690
Depreciation of tangible fixed assets held under finance lease	207,224	156,145
Operating lease charges	<u>284,829</u>	<u>149,767</u>

Operating profit is also after charging approximate costs of £899k (2019: £900k) in respect of research and development costs representing wages and other costs.

8. Tax on profit

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	-	11,484
Adjustments in respect of prior periods	14,204	(21,500)
Total current tax	<u>14,204</u>	<u>(10,016)</u>
Deferred tax:		
Origination and reversal of timing differences	60,117	69,436
Adjustments in respect of prior periods	(32,864)	-
Total deferred tax	<u>27,253</u>	<u>69,436</u>
Tax on profit	<u>41,457</u>	<u>59,420</u>

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK corporation tax rate will instead remain at 19%. As this was not substantively enacted by the Balance Sheet date, deferred tax balances as at 30 June 2020 continue to be measured at 17%. The change of rate will affect the size of the Company's deferred tax assets and liabilities in the future.

Reconciliation of total tax charge included in the Profit and Loss Account

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>1,628,524</u>	<u>1,308,469</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	309,420	248,609
Effects of:		
Expenses not deductible for tax purposes	27,776	61,373
Adjustments to tax charge in respect of previous periods	(18,660)	(21,500)
Effect of change in corporation tax rate	-	(8,169)
Group relief	(9,126)	(13,131)
Research and development tax credit	(267,953)	(207,762)
Total tax charge	<u>41,457</u>	<u>59,420</u>

Visualsoft Limited

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

9. Intangible fixed assets

	Capitalised development costs £
Cost	
At 1 July 2019	100,716
Additions	101,700
At 30 June 2020	<u>202,416</u>
Accumulated amortisation	
At 1 July 2019	-
Amortisation for year	-
At 30 June 2020	<u>-</u>
Net book value	
At 30 June 2020	<u>202,416</u>
At 30 June 2019	<u>100,716</u>

10. Tangible assets

	Freehold building £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 July 2019	1,455,813	254,065	536,799	2,246,677
Additions	264,536	140,106	136,180	540,822
Disposals	(15,896)	-	(13,647)	(29,543)
At 30 June 2020	<u>1,704,453</u>	<u>394,171</u>	<u>659,332</u>	<u>2,757,956</u>
Accumulated depreciation				
At 1 July 2019	96,553	184,491	353,406	634,450
Charge for year	140,575	69,515	81,677	291,767
At 30 June 2020	<u>237,128</u>	<u>254,006</u>	<u>435,083</u>	<u>926,217</u>
Net book value				
At 30 June 2020	<u>1,467,325</u>	<u>140,165</u>	<u>224,249</u>	<u>1,831,739</u>
At 30 June 2019	<u>1,359,260</u>	<u>69,574</u>	<u>183,393</u>	<u>1,612,227</u>

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

10. Tangible assets - continued

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Computer equipment	126,482	151,096
	<u>126,482</u>	<u>151,096</u>
Depreciation charge for the year in respect of leased assets	<u>207,224</u>	<u>156,145</u>

Freehold buildings (including the property classified as investment property) with a total carrying amount of £2,283,221 (2019: £1,932,028) have been pledged to secure borrowings of the Company. The Company is not allowed to pledge the assets as security for other borrowings or to sell them to another entity.

Hire purchase contracts for plant and equipment are secured on the assets concerned.

11. Investment property

	2020 £
Fair Value At 1 July 2019 and 30 June 2020	<u>800,000</u>

Investment property comprises one floor of the premises from which the Company operates. The fair value of the investment property is assessed by the directors based on an open market value basis.

As referred to in the tangible assets note above, the investment property has been pledged to secure borrowings of the Company. The Company is not allowed to pledge these assets as security for other borrowings or to sell it to another entity.

The carrying value of investment property comprises:

	2020 £	2019 £
Freehold	<u>800,000</u>	<u>800,000</u>

The comparable historic cost of the freehold investment property is £598,615 (2019: £598,615).

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

12. Debtors: amounts falling due within one year

	2020	2019
	£	£
Trade debtors	1,967,609	1,403,915
Amounts owed by Group undertakings	3,349,070	3,005,503
Other taxation and social security	-	196,530
Other debtors	14,210	1,789
Loans to directors (see note 24)	2,042,946	1,107,836
Prepayments and accrued income	2,020,659	1,447,184
	<u>9,394,494</u>	<u>7,162,757</u>

Trade debtors disclosed above are measured at amortised cost.

All amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts (see note 15)	194,110	85,228
Trade creditors	872,311	628,828
Obligations under finance leases (see note 16)	61,765	80,791
Corporation tax	14,212	175,156
Other taxation and social security	988,007	406,830
Other creditors	91,236	61,822
Accruals and deferred income	628,801	445,066
	<u>2,850,442</u>	<u>1,883,721</u>

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

	2020	2019
	£	£
Bank loans and overdrafts (see note 15)	2,891,404	1,667,999
Obligations under finance leases	17,249	70,231
	<u>2,908,653</u>	<u>1,738,230</u>

15. Bank loans and overdrafts

	2020	2019
	£	£
Bank loans	<u>3,085,514</u>	<u>1,753,227</u>
Payable within one year	194,110	85,228
Payable after one year	<u>2,891,404</u>	<u>1,667,999</u>

The bank loan is secured by a legal charge over the Company's property and a guarantee and debenture from the holding company.

The bank loan is repayable over five years. The rate of interest charged on the loan is 2.7% over bank base rate.

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

16. Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	61,765	80,791
In two to five years	24,968	80,374
	<u>86,733</u>	<u>161,165</u>
Less: future finance changes	(7,719)	(10,143)
	<u><u>79,014</u></u>	<u><u>151,022</u></u>

Finance lease payments represent rentals payable by the Company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17. Provisions for liabilities

	2020	2019
	£	£
Provision for liabilities	28,500	67,000
Deferred tax provision	118,304	91,051
	<u>146,804</u>	<u>158,051</u>

18. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Capital allowances in excess of depreciation	104,384	42,992
Revaluations and capital grant	13,920	53,502
Short term timing differences	-	(5,443)
	<u>118,304</u>	<u>91,051</u>
		2020
		£
Movements in the year:		
Liability at 1 July 2019		91,051
Charge to Profit and Loss Account		27,253
		<u>118,304</u>
Liability at 30 June 2020		<u><u>118,304</u></u>

The Company expects deferred tax timing differences of £118,304 (2019: £34,707) to be recoverable in the next 12 months.

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

19. Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Trade and other debtors	1,981,819	1,405,704
Amounts due from fellow Group undertakings	3,349,070	3,005,503
Loans to directors	2,042,946	1,107,836
Total financial assets	<u>7,373,835</u>	<u>5,519,043</u>
Carrying amount of financial liabilities		
Trade and other creditors	963,547	3,039,965
Bank loans	3,085,514	1,753,227
Obligations under finance leases	79,014	151,022
Total financial liabilities	<u>4,128,075</u>	<u>4,944,214</u>

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, obligations under finance leases, amount owed to Group undertakings, accruals and other creditors.

Financial assets that are debt instruments measured at amortised costs comprise of trade debtors, amounts owed by Group undertakings, other debtors, loans to directors and accrued income.

20. Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to Profit and Loss Account in respect of defined contribution schemes	168,207	118,291

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

21. Called up share capital

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
100	Ordinary shares	£1	100	100
			<u>100</u>	<u>100</u>

The profit and loss account reserve represent the cumulative amount of profits and losses less any dividend distributions paid.

The gain on the revaluation of the investment property has been reclassified as a separate reserve.

Visualsoft Limited**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020****22. Operating lease commitments****Lessee**

Operating lease payments represent rentals payable by the Company for certain properties and motor vehicles. Leases are negotiated for an average term of 1-2 years.

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

	2020	2019
	£	£
Within one year	236,560	242,607
Between two and five years	685,119	773,070
In over five years	643,806	643,456
	<u>1,565,485</u>	<u>1,659,133</u>

Lessor

The Company leases one floor of its premises to a third party under an operating lease which is due to expire in September 2021.

At the reporting end date the minimum lease payments under the lease were as follows:

	2020	2019
	£	£
Within one year	124,624	124,624
Between two and five years	31,156	155,780
	<u>155,780</u>	<u>280,404</u>

23. Capital commitments

At 30 June 2020, the Company had capital commitments contracted for but not provided for in these financial statements of £nil (2019: £158,621).

24. Directors' transactions

Description	Opening balance	Amounts advanced	Closing balance
	£	£	£
Mr. T Johnson - Loan	24,500	500	25,000
Mr. M Burton - Loan	130,960	-	130,960
Mr. D Duke - Loan	32,389	-	32,389
Mr. D Benson - Loan	830,365	934,610	1,764,975
Mr. M Leader - Loan	89,622	-	89,622
	<u>1,107,836</u>	<u>935,110</u>	<u>2,042,946</u>

Interest is not charged on amounts due from directors.

Visualsoft Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

25. Controlling party

The immediate and ultimate parent undertaking is Visualsoft Holdings Limited, a company incorporated in the United Kingdom with the registered office address of Visualsoft House, Princes Wharf, Thornaby, Stockton on Tees, Cleveland, TS17 6QY. This is the parent of the smallest and largest group to which consolidated financial statements are prepared. The consolidated financial statements of Visualsoft Holdings Limited are available to the public and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is Mr D Benson.

On 8th November, 2020 40% of the share capital in Visualsoft Holdings Limited was acquired by Fortan Bidco Limited.

26. Cash generated from operations

	2020 £	2019 £
Operating profit	1,684,677	1,451,183
Adjustments for:		
Depreciation and impairment of tangible fixed assets	291,767	235,825
Loss on disposal of fixed assets	29,543	-
Operating cash flow before movement in working capital	2,005,987	1,687,008
Movements in working capital:		
Increase in debtors	(1,296,627)	(535,828)
Increase in creditors	1,037,809	238,697
Cash generated by operations	1,747,169	1,389,877
Income taxes paid	(213,648)	(59,420)
Interest paid	(56,153)	(142,714)
Net cash flows from operating activities	<u>1,477,368</u>	<u>1,187,743</u>

Net debt reconciliation

	1 July 2019 £	Cash flows £	30 June 2020 £
Cash at bank and in hand	1,330,216	1,160,015	2,490,231
Bank loans	(1,753,227)	(1,332,287)	(3,085,514)
Finance leases	(151,022)	72,008	(79,014)
Net debt	<u>(574,033)</u>	<u>(100,264)</u>	<u>(674,297)</u>