

Company Registration No. 03930926 (England and Wales)

INVESTIS DIGITAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



INVESTIS DIGITAL LIMITED COMPANY INFORMATION

Directors	A Goodliffe D Grigson D Scales C Price
Company number	03930926
Registered office	Level 5 Counting House 53 Tooley St London SE1 2QN (Formally 24 Fashion Street London E1 6PX)
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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INVESTIS DIGITAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present the strategic report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company continued to be that of online digital communication services.

Review of business and future outlook

2019 was another strong year for the business, with revenue growth of £0.9m from £20.4m in 2018 to £21.4m. This did not translate into operating profit, which dropped to £1.9m from £6.9m, driven by a £3.2m downward movement in unrealised currency variances (foreign exchange losses of £1.5m in 2019, 2018: £1.7m foreign exchange gains), a £0.4m increase in amortisation (2019: £0.7m, 2018: £0.3m), a £0.6m impairment of intercompany receivables and increased salary costs as the business invested heavily in its cost base (2019: £9.2m, 2018: £8.3m).

2019 included exceptional costs of £0.3m (2018: £0.1m) – as detailed in note 4, relating to exploratory merger and acquisition costs.

Adjusted EBITDA is defined as EBITDA adjusted for impairment charge, exceptional costs and exchange differences recorded in the statement of comprehensive income.

Adjusted EBITDA has fallen to £5.1m from £5.7m the previous year. In addition to the increased salary costs mentioned previously, this was driven by increased marketing (2019: £0.4m, 2018: £0.2m), professional expense (2019: £0.6m, 2018: £0.4m), and IT costs (2019: £0.6m, 2018: £0.3m) as the business invested heavily in its cost base.

The Directors continue to shape the future of digital communications in Europe using Connected Content; the Company's unique approach to building digital connections between clients and their audiences, uniting compelling communications, intelligent digital experiences and performance communications to deliver exceptional results. The Group:

- tell brand stories through strategic and engaging content that meets audiences at the right time, in the right place, with the right message;
- build intelligent websites and digital experiences that are rapidly deployed and strategically measured;
- run secure websites on our trusted, "Best-of-Breed" Connect.ID technology, supported by 24/7 service; and
- find powerful performance marketing solutions that optimise and amplify brands across all touchpoints.

In March 2019 the Group acquired Vertical Measures LLC to continue to develop the performance marketing centre of excellence in Phoenix. The business specialises in digital marketing strategy - encompassing content marketing, SEO, paid-for search, and conversion optimisation, which after the rebrand to "Investis Digital" in 2018, continues to bolster the Group's Connected Content offering.

In September 2020 the Group acquired Microserve IT Services Limited, a Bristol-based Drupal development company to further bolster Investis Digital's ability to deliver on the company's proprietary Connected Content approach, which relies on building and running intelligent websites and digital experiences that are rapidly deployed and strategically measured, all of which is underpinned by its secure Connect.ID technology.

Since March 2020, the significant disruption resulting from the global measures taken to contain the spread of COVID-19 led to a reduction in the Group's turnover versus expectations, especially during Q2 2020 in relation to website design and development as customers paused existing and new projects. Despite these challenges, the Group's financial performance has, given the unprecedented levels of uncertainty in the marketplace, been remarkably strong. The Group's performance is expected to consistent to 2019 for the entirety of 2020, especially in relation to EBITDA, which is incredibly reassuring given the uncertainty that COVID-19 has created. The Group has stable turnover from their other product and service offerings due to a strong recurring revenue base and long-standing customer base demonstrating resilience in an economic downturn. The business continuity risk continues to rest with the uncertainty over the Group's ability to grow their website design and development business, however the Directors believe this risk to be extremely low. There are positive signs from Q3 onwards with the Group obtaining several big new clients, building to a strong Q4 run rate leading into 2021. October 2020 was a record sales month for the Group, further adding to this positivity. The Directors believe the Group is well diversified to operate in an uncertain environment and have launched new product offerings in response to the changing operating and working environment.

INVESTIS DIGITAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

As at 31 December 2019 the Group had net assets of £14.6m (2018: net assets of £12.3m), driven by increased intercompany receivables.

Principal risks and uncertainties and financial risk management

The core market for digital communications continues to grow with:

- stakeholder management becoming increasingly complex and the corporate brand is growing in prominence;
- a continuing shift to digital & proliferation of audience channels, with higher value placed on return on investment, this has only been heightened through the COVID-19 pandemic;
- the worlds of marketing communication and PR are continuing to merge;
- increasing regulation and security concerns fuels demand for more sophisticated solutions; and
- audiences are increasingly connected & reputation management has increased in prominence.

This is a competitive market, however the market dynamics remain positive, with digital communications being more cost effective than their offline equivalents, as well as creating greater engagement. There remains uncertainty with regard to future client spend, especially with the full impact of COVID-19 yet unknown, customers may hold or reduce expenditure in the future. The Directors believe the business has strong market resilience as a result of a diverse proposition across multiple markets and an established transatlantic presence, with a highly recurring revenue model and large and long-standing client base, and with a track record on consistent growth through downward market cycles. The expectation is that in this time of uncertainty digital and corporate communications will become more important, although major investment in digital infrastructure could be delayed.

COVID-19 has also impacted the way we do business. As a digital company we are well placed to work remotely and have deployed this across all our offices, including our development center in India. We place our people first and have reduced the potential impact to our staff in line with Government advice.

Business continuity risk can arise from a sudden removal of access to the Company's workplace locations or to the Company's operating systems. A prolonged period of business interruption resulting from the lack of access could significantly affect the ability of the Company to operate.

To mitigate this risk, the Company has invested in remote working capabilities for all its staff and developed new working practices to minimise disruption as much as possible. The Company regularly stress tests their system remote working capabilities to ensure they remain operational. All of Company employees are able to work remotely and 100% of Company technical infrastructure is cloud based. The Company has no single site dependency for its workflows.

Despite these risks the Directors are confident about the long-term prospects of the Company.

While the impact of Brexit is still unknown, the Directors have considered its potential impact on the Company to be limited. There is a client base in Europe, however, there are no physical products to be delayed, no tariffs for products and few affected staff, so it is expected that business will operate broadly as usual. Outside of Brexit and COVID-19, the Directors see no significant change to the macroeconomic climate in 2020. As at the date of signing, the operations of the company have continued as expected.

As a digital business, Investis Digital is exposed to the threat and risk of a cyber security attack, which could adversely impact business operations and customer trust. A number of initiatives are ongoing under the guidance of our Chief Digital Officer to address cyber security. Investis Digital has put in place more robust procedures to ensure compliance with GDPR and continues to monitor the regulatory environment for additional legislation that could impact the business. As with any such services-oriented business as Investis Digital, our success is dependent on the quality of our human capital. Attracting and retaining key talent across all regional offices is a priority.

The company operates in different foreign jurisdictions, including the USA, India and Europe. The company is therefore exposed to foreign exchange movements; however, much of the impact is unrealised.

The Company's activities expose it to the financial risk of interest rate fluctuation. This risk is managed by the Investis Digital Group Finance function who revisit the appropriateness of the Group's policy as the Group and constituent companies change in size and nature.

INVESTIS DIGITAL LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Company does not use derivative financial instruments for speculative, or any other, purposes.

Key performance indicators

The Company measures and monitors, on a weekly and monthly basis, a broad range of key performance indicators to ensure performance improvement and progress towards achieving its strategic objectives. These include:

	2019	2018
Turnover	£21.4m	£20.4m
Adjusted EBITDA	£5.1m	£5.7m

On behalf of the Board



.....
Claire Price
Director
13 November 2020

INVESTIS DIGITAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors

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

A Goodliffe
D Grigson
D Scales
C Price

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2018: £nil).

Going concern

At the time of approving the financial statements, the Directors have considered the projected profit and cashflows of the Company. The Company has net current assets of £9.6m (2018: net current liabilities of £0.9m) there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, even with the full impact of COVID-19 yet unknown. The Company has net assets of £14.6m (2018: net assets of £12.3m) at the balance sheet date. A letter of support has also been provided from Investis Digital Topco Limited confirming the ongoing provision of financial or other assistance that may be necessary for the company to meet all financial obligations. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

COVID-19 has created significant uncertainty in the marketplace and therefore management, as a response to the COVID-19 pandemic affecting the Global macroeconomic environment, have performed detailed analysis of future cashflows of the Group. Sensitised cash flow forecasts, including a plausible but severe scenario, have been prepared to assess whether the pandemic will impact the going concern status of the Group. Year to date the Group operating cash flow percentage is above 100% to September 2020, this is significantly above 2019 conversion rates. Even when worst-case scenarios are analysed, the Group is expected to have no liquidity issues in the twelve month period following the signing of the financial statements.

Management have also used the cashflow analysis to assess whether COVID-19 will impact the Group's ability to pass its covenants in the twelve month period following the signing of the financial statements. The Board approved management plans for 2020 and 2021 show comfortable cover across all financial covenants. These covenants have been renegotiated in November 2020 to provide greater headroom. The analysis indicates that no covenants will be breached even if the COVID-19 impact, or similar event, continued for the entirety of the forecast period, basing our downside scenarios on sensitised Q2 and Q3 2020 run rates. The Group has a number of levers outside of the sensitised run rates which would provide additional upside in the event that covenant headroom was at risk. These include, management of the cost base, which as a predominantly people business is semi-fixed in nature, and reducing external capex spend.

The Group has a £2.5m Revolving Credit Facility, of which £1.5m is currently drawn down and could be repaid in 2021. Once repaid it will be available to draw until 2024 should short-term requirements be needed. The Group has no other committed plans or need to borrow money, raise capital or restructure debt in the period. The Directors believe the Group has the ability to apply further cost reduction so that even if severe downside in cash flows occurred the Group could remain compliant with covenant requirements.

Up to the signing date of these Financial Statements the Group's financial performance has, given the unprecedented levels of uncertainty in the marketplace, been remarkably strong. The Group's performance is expected to consistent to 2019 for the entirety of 2020, especially in relation to EBITDA, which is incredibly reassuring given the uncertainty that COVID-19 has created.

The Directors of the Company therefore having considered the Group's operating profitability, cashflows, financing availability and future projections as well stress testing the models in a plausible but severe scenario with no material issues have concluded the basis of going concern is appropriate based on the support letter obtained.

INVESTIS DIGITAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Political donations

The Company made no political donations and incurred no disclosable political expenditure during the year (2018: £nil).

Financial instruments

The Board has responsibility for the Risk Management and Internal Control of the organisation. This covers strategic, operational, financial and compliance controls and these are communicated to the Operational Managers of the business to implement, monitor, review and report as required.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Financial risk management

The Directors have established objectives and policies for managing financial risks to enable the Group to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are to be regularly reviewed.

The Company's activities expose it to currency exchange rate fluctuation. This risk is monitored by the Investis Digital Group Finance function, who revisit the appropriateness of the Group's policy as the Group and constituent Companies change in size and nature. The Company does not use derivative financial instruments for speculative, or any other, purposes.

Exposure to risks arises in the normal course of the Company's business.

Future developments

As discussed in the Objectives section of the Strategic Report, even with the impact of COVID-19, the Directors believe the Company and Group are well positioned to build through 2020 and beyond due to continued market growth in its core markets and investment in Connected Content. This is driven by customers focusing more on accurate, on time and relevant communication with their stakeholders and continued improvement in the Company's operational gearing as it increases its revenue and customer base.

To compound the market growth the Group acquired Microserve IT Services Limited in September 2020, a Bristol-based Drupal development company to further bolster Investis Digital's ability to deliver on the company's proprietary Connected Content approach, which relies on building and running intelligent websites and digital experiences that are rapidly deployed and strategically measured, all of which is underpinned by its secure Connect.ID technology.

Please refer to the Strategic Report on page 4 for more information on future developments.

Subsequent events

See note 26 for details.

Independent auditor

PricewaterhouseCoopers LLP were appointed on 16 April 2018. The auditor will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The UK's exit from the EU

The UK left the European Union ('EU') on 31 January 2020. There is now a transitional period, due to run to 31 December 2020, during which the UK will no longer be a member of the EU but will still be subject to EU rules and remain a member of the Customs Union. During the transition period, the UK and EU will negotiate the rules to be applied to our future trading and other relationships. While the impact of Brexit is still unknown, the Directors have considered its potential impact on the Company to be limited. There is a client base in Europe, however, there are no physical products to be delayed, no tariffs for products and few affected staff, so it is expected that business will operate broadly as usual.

**INVESTIS DIGITAL LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

On behalf of the Board



.....
Claire Price
Director
13 November 2020

INVESTIS DIGITAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 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.

On behalf of the Board



.....
Claire Price
Director

13 November 2020

INVESTIS DIGITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTIS DIGITAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Investis Digital Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit 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 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant 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 auditors' 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.

INVESTIS DIGITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTIS DIGITAL LIMITED

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.

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 31 December 2019 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 director's responsibilities in respect of the financial statements, 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 auditors' 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.

**INVESTIS DIGITAL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTIS DIGITAL
LIMITED**

We have no exceptions to report arising from this responsibility.

Gemma Clark.

Gemma Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 November 2020

INVESTIS DIGITAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Turnover	3	21,354	20,434
Cost of sales		<u>(7,091)</u>	<u>(6,941)</u>
Gross profit		14,263	13,493
Administrative expenses		(12,091)	(6,609)
Other income	4	52	157
Exceptional items	4	<u>(326)</u>	<u>(118)</u>
Operating profit		1,898	6,923
Interest receivable and similar income	7	1,740	1,674
Interest payable and similar expenses	8	<u>(1,411)</u>	<u>(1,510)</u>
Profit before taxation		2,227	7,087
Tax credit/(charge) on profit	9	<u>20</u>	<u>(816)</u>
Profit for the financial year		2,247	6,271
Total comprehensive income for the year		2,247	6,271

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. The notes on pages 18 to 34 form an integral part of these financial statements.

INVESTIS DIGITAL LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	1,642	786
Total intangible assets		<u>1,642</u>	<u>786</u>
Tangible assets	11	191	187
Investments	12	3,191	2,973
		<u>5,024</u>	<u>3,946</u>
Non-current assets			
Debtors amount falling due after more than one year	14	-	37,571
Current assets			
Debtors amounts falling due within one year	14	44,574	5,071
Cash at bank and in hand		982	1,507
		<u>45,556</u>	<u>6,578</u>
Creditors: amounts falling due within one year	15	(36,000)	(7,453)
Net current (liabilities)/assets		<u>9,556</u>	<u>(875)</u>
Total assets less current liabilities		<u>14,580</u>	<u>40,642</u>
Creditors: amounts falling due after more than one year	16	-	(28,355)
Net assets		<u><u>14,580</u></u>	<u><u>12,287</u></u>
Capital and reserves			
Called up share capital	19	20	20
Share premium account		9,225	9,225
Capital contribution reserve		3	3
Share based payment reserve	20	46	-
Profit and loss account	20	5,286	3,039
Total equity		<u><u>14,580</u></u>	<u><u>12,287</u></u>

**INVESTIS DIGITAL LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2019**

The financial statements on pages 14 to 34 were approved by the Board of Directors on 13 November 2020 and are signed on its behalf by:



.....
Claire Price
Director

Company Registration No. 03930926

The notes on pages 18 to 34 form an integral part of these financial statements.

INVESTIS DIGITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Capital redemption reserve	Merger Reserve	Profit and loss account	Share based payment reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018	20	9,225	3	(4,952)	1,720	-	6,016
Year ended 31 December 2018:							
Profit and total comprehensive expense for the year	-	-	-	-	6,271	-	6,271
Balance at 31 December 2018	20	9,225	3	(4,952)	7,991	-	12,287
Year ended 31 December 2019:							
Profit and total comprehensive income for the year	-	-	-	-	2,247	-	2,247
Share based payment reserve	-	-	-	-	-	46	46
Balance at 31 December 2019	20	9,225	3	(4,952)	10,238	46	14,580

The notes on pages 18 to 34 form an integral part of these financial statements.

INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

1.1 Company information

Investis Digital Limited is a private company limited by shares domiciled and incorporated in UK, registered in England and Wales. The registered office is Level 5, Counting House, 53 Tooley St, London SE1 2QN. The Company Registration Number is 03930926.

1.2 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. The accounting policies have been applied consistently to all the years presented.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the Company as an individual entity and not about its group.

Investis Digital Limited is a wholly owned subsidiary of Investis Digital Bidco Limited and the results of Investis Digital Limited are included in the consolidated financial statements of Investis Digital Topco Limited which are available from Level 5, Counting House, 53 Tooley St, London SE1 2QN.

1.3 Going concern

At the time of approving the financial statements, the Directors have considered the projected profit and cashflows of the Company. The Company has net current assets of £9.6m (2018: net current liabilities of £0.9m) there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, even with the full impact of COVID-19 yet unknown. The Company has net assets of £14.6m (2018: net assets of £12.3m) at the balance sheet date. A letter of support has also been provided from Investis Digital Topco Limited confirming the ongoing provision of financial or other assistance that may be necessary for the company to meet all financial obligations. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

COVID-19 has created significant uncertainty in the marketplace and therefore management, as a response to the COVID-19 pandemic affecting the Global macroeconomic environment, have performed detailed analysis of future cashflows of the Group. Sensitised cash flow forecasts, including a plausible but severe scenario, have been prepared to assess whether the pandemic will impact the going concern status of the Group. Year to date the Group operating cash flow percentage is above 100% to September 2020, this is significantly above 2019 conversion rates. Even when worst-case scenarios are analysed, the Group is expected to have no liquidity issues in the twelve month period following the signing of the financial statements.

INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Management have also used the cashflow analysis to assess whether COVID-19 will impact the Group's ability to pass its covenants in the twelve month period following the signing of the financial statements. The Board approved management plans for 2020 and 2021 show comfortable cover across all financial covenants. These covenants have been renegotiated in November 2020 to provide greater headroom. The analysis indicates that no covenants will be breached even if the COVID-19 impact, or similar event, continued for the entirety of the forecast period, basing our downside scenarios on sensitised Q2 and Q3 2020 run rates. The Group has a number of levers outside of the sensitised run rates which would provide additional upside in the event that covenant headroom was at risk. These include, management of the cost base, which as a predominantly people business is semi-fixed in nature, and reducing external capex spend.

The Group has a £2.5m Revolving Credit Facility, of which £1.5m is currently drawn down and could be repaid in 2021. Once repaid it will be available to draw until 2024 should short-term requirements be needed. The Group has no other committed plans or need to borrow money, raise capital or restructure debt in the period. The Directors believe the Group has the ability to apply further cost reduction so that even if severe downside in cash flows occurred the Group could remain compliant with covenant requirements.

Up to the signing date of these Financial Statements the Group's financial performance has, given the unprecedented levels of uncertainty in the marketplace, been remarkably strong. The Group's performance is expected to consistent to 2019 for the entirety of 2020, especially in relation to EBITDA, which is incredibly reassuring given the uncertainty that COVID-19 has created.

The Directors of the Company therefore having considered the Group's operating profitability, cashflows, financing availability and future projections as well stress testing the models in a plausible but severe scenario with no material issues have concluded the basis of going concern is appropriate based on the support letter obtained.

1.4 Turnover

Revenues are recognised net of VAT and are derived from investor relations website services. Hosting and maintenance services are delivered over an extended period of time and therefore revenue is recognised evenly over the period that the service is delivered. Additional maintenance hours are recognised as requested by the client. Revenues received in advance at the period end are deferred and carried forward to the balance sheet and released when the service is performed. Revenue related to design and build contracts and similar projects is recognised on the basis of percentage completion over the life of the project which is basis on actual hours working and a sum of actual hours and residual hours.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets created by the development teams are capitalised and amortised between 2.5 years and 5 years.

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

Software licences	Straight line over the license period
Contractual relationships	20% straight line

1.6 Tangible fixed assets

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

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

Leasehold improvements	33% straight line
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INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Fixtures, fittings & equipment	33% straight line
Computer equipment	33% straight line

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

1.7 Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any provision for permanent impairment.

1.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

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.

INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Impairment of financial assets

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

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

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

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.

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, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. 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 profit or loss 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.

INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

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 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 Retirement benefits

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

1.14 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 periodic rate of interest on the remaining balance of the liability.

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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

INVESTIS DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

1.16 Research and development expenditure

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

1.17 Dividends on shares presented within shareholders' equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.18 Share-based payments

Share-based payment arrangements are provided to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for the share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

2. Judgements and key sources of estimation uncertainty

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

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

Revenue recognition

Revenue related to design and build contracts and similar projects is recognised on the basis of percentage of completion over the life of the project which is basis on actual hours working and a sum of actual hours and residual hours to complete the project. The percentage used at the year end date is based on the best estimate of management in consideration the progress to date and hours to complete the project.

Impairment of intangible assets (note 10)

Annually the Directors consider whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value of the cash generated. This requires estimation of the future cashflows and selecting appropriate discount rates 2019: 8.43% (2018: 9.42%) in order to calculate the net present value of those cash flows. This assessment has been performed and no issues were noted.

Impairment of investments (note 12)

Annually the Directors consider whether Investments are impaired. The Directors perform impairment testing based upon the net asset position of the Investments. This resulted in the impairment of the intercompany receivable with Investis Flife GmbH; as detailed in note 4. No other issues were noted from the review and the letter of support obtained from Group includes the recoverability of all other intercompany balances.

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Turnover

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

	2019	2018
	£'000	£'000
Turnover		
Sales of services	21,354	20,434
	<u>21,354</u>	<u>20,434</u>
Turnover analysed by geographical market	2019	2018
	£'000	£'000
United Kingdom	14,106	12,255
EMEA	6,144	7,256
Rest of World	1,104	923
	<u>21,354</u>	<u>20,434</u>

4. Operating profit

	Note	2019	2018
		£'000	£'000
Operating profit for the year is stated after charging/(crediting):		£'000	£'000
Exchange (gains)/losses		1,450	(1,748)
Fees payable to the Company's auditors for the audit of the Company's financial statements		100	117
Fees payable to the company's auditor for other services:			
Audit-related assurance services		5	6
Tax compliance services		91	-
Other advisory services		300	-
Depreciation of owned tangible fixed assets	11	138	90
Amortisation of intangible assets	10	654	287
Operating lease charges		397	376
Bad debt expense/(credit)		40	(152)
Other income		(52)	(157)
Impairment of intercompany receivables		600	-
Exceptional items		326	118
		<u>326</u>	<u>118</u>

Exceptional costs incurred during the year include £326,000 of exploratory merger and acquisition related costs, £300,000 of which is payable to the Company's auditor in providing non-audit transaction services support. The cost for 2018 include costs for the rebranding to Investis Digital (£107,000) and other costs of £11,000.

The directors have performed an impairment test of the intercompany receivables and concluded that the receivable of £600,000 due from Investis Flife GmbH should be fully impaired.

Investis Digital Limited will submit a claim for R&D tax relief in respect of the years ended 31 December 2019. The claim is estimated to be £52,000 and has been accrued for at year end. The other income line shown above represents the total value of this claim.

The Company bears the costs for the audits of all United Kingdom based audited subsidiaries and the Group (Investis Digital Topco Limited).

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Employees

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

	Note	2019 Number	2018 Number
Website production and maintenance		75	70
Sales		34	34
Administration		13	10
		122	114

Their aggregate remuneration comprised:

		2019 £'000	2018 £'000
Wages and salaries		7,996	7,257
Social security costs		948	860
Other pension costs	18	230	153
		9,174	8,270

During 2019 employee remuneration totaling £717k was capitalised as software (2018: £488k). This relates to the development of technology assets for use by the Group.

6. Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	396	396
Company pension contributions to defined contribution schemes	11	8
	407	404

There are 2 qualifying directors of which 1 has opted for pension benefits (2018: 2 directors).

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

	2019 £'000	2018 £'000
Remuneration for qualifying services	340	340
Company pension contributions to defined contribution schemes	11	8

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable from group undertakings	1,740	1,674
	<u>1,740</u>	<u>1,674</u>

8. Interest payable and similar expenses

	2019	2018
	£'000	£'000
Bank charges	12	16
Interest payable to group undertakings	1,399	1,494
	<u>1,411</u>	<u>1,510</u>

9. Tax on profit

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current year	60	657
Adjustments in respect of prior periods	(109)	-
Total current tax	<u>(49)</u>	<u>657</u>

	2019	2018
	£'000	£'000
Deferred tax		
Origination and reversal of timing differences	33	206
Changes in tax rates	(4)	(21)
Adjustment in respect of prior periods	-	(26)
Total deferred tax	<u>29</u>	<u>159</u>

Total tax charge / (credit)	<u>(20)</u>	<u>816</u>
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Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 and was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tax on profit (continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	2,227	7,087
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	423	1,347
Tax effect of expenses that are not deductible in determining taxable profit	133	44
Adjustments in respect of prior periods	(108)	(26)
Group relief	(464)	(528)
Income not taxable	-	-
Deferred tax rate differences	(4)	(21)
Taxation charge / (credit) for the year	(20)	816

As at 31 December 2019, the Company had deferred tax assets of £52,000 (2018: £81,000) in relation to allowable tax losses and accelerated capital allowances. These assets have been recognized in the financial statements, as, in the opinion of the Directors, they will be recoverable.

10. Intangible assets

	Software £'000	Contractual relationships £'000	Total £'000
Cost			
At 1 January 2019	2,562	4,613	7,175
Additions	1,510	-	1,510
Disposals	-	-	-
At 31 December 2019	4,072	4,613	8,685
Accumulated amortisation			
At 1 January 2019	1,776	4,613	6,389
Amortisation charged for the year	654	-	654
At 31 December 2019	2,430	4,613	7,043
Carrying amount			
At 31 December 2019	1,642	-	1,642
At 31 December 2018	786	-	786

No changes were made in 2019 (2018: no changes).

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Intangible assets (continued)

Internally generated intangible assets created by the development teams are capitalized and amortised from 2.5 to 5 years. While other IT software is amortised over a 3 year period. During 2019 employee remuneration totaling £717k was capitalised as software (2018: £488k). This relates to the development of technology assets for use by the Group.

11. Tangible assets

	Leasehold Improvements	Fixtures, Fittings & Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	22	421	1,592	2,035
Additions	-	15	127	142
Disposals	-	-	-	-
At 31 December 2019	<u>22</u>	<u>436</u>	<u>1,719</u>	<u>2,177</u>
Accumulated depreciation				
At 1 January 2019	22	355	1,471	1,848
Depreciation charged in the year	-	40	98	138
Disposals	-	-	-	-
At 31 December 2019	<u>22</u>	<u>395</u>	<u>1,569</u>	<u>1,986</u>
Carrying amount				
At 31 December 2019	<u>-</u>	<u>41</u>	<u>150</u>	<u>191</u>
At 31 December 2018	<u>-</u>	<u>66</u>	<u>121</u>	<u>187</u>

12. Investments

	Note	2019 £'000	2018 £'000
Investments in subsidiaries	13	<u>3,191</u>	<u>2,973</u>

The Directors have performed impairment testing based upon the net asset position of the Investments. No indicators of impairment were identified, and they have concluded that there is no impairment in any investment (2018: £nil impairment).

Movements in fixed asset investments

	£'000
Cost	
At 1 January 2019	2,973
Increase in investment value of Investis Digital Sweden Holdings AB	218
At 31 December 2019	<u>3,191</u>

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Subsidiaries

Details of the Company's subsidiaries at 31 December 2019 and at 31 December 2018 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Investis Holdings Limited (Dissolved 15 January 2019)	1	Holding comp.	Ordinary	100	
Investis Digital Finland OY	2	Corp. Comm. services	Ordinary	100	
Investis Flife GmbH (Liquidated 26 July 2018)	3	Corp. Comm. services	Ordinary		100
Investis Flife IR GmbH (Liquidated 26 July 2018)	3	Corp. Comm. services	Ordinary		100
Investis Digital India Private Ltd (Formally Investis Corp. Communications Pvt Ltd.)	4	Corp. Comm. services	Ordinary	100	
Investis Digital Inc.	5	Corp. Comm. services	Ordinary	100	
Investis Digital Sweden Holdings AB	6	Holding comp.	Ordinary	100	
Investis Digital Sweden AB	6	Corp. Comm. services	Ordinary		100
Investis Digital Phoenix Inc.	7	Corp. Comm. services	Ordinary		100
Investis Digital Ireland Limited	8	Corp. Comm. services	Ordinary	100	
Vertical Measures, LLC (Purchased 27 March 2019, merged with Investis Digital Phoenix Inc. 22 October 2019)	9	Corporate Comm. Services	Ordinary		100

Registered Office addresses:

1. Level 5, Counting House, 53 Tooley St, London SE1 2QN
2. Etelaesplanadi 22 A, 00130, Helsinki, Finland
3. Ottostr. 5, 97070 Wurzburg, Germany
4. Royal House, Atlantis Lane, Sarbhai Campus, Vadi-Wadi, Vadodara - 390007, India
5. 240 W 37th Street, 7W, New York, NY 10018USA
6. Fiskhammsgatan 8 D 414 58 Goteborg, Sweden
7. 11201 N. Tatum Blvd., #200 Phoenix, Arizona 85028
8. 6th Floor, South Bank House, Barrow Street, Dublin 4.
9. 11201 N. Tatum Blvd., #350 Phoenix, Arizona 85028

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	3,068	3,475
Other debtors	13	1
Prepayments and accrued income	1,332	1,514
Amounts owed from group undertakings	40,109	-
	<u>45,122</u>	<u>4,990</u>
Deferred tax asset (note 17)	52	81
	<u>44,574</u>	<u>5,071</u>

Trade debtors are stated after provisions for impairment of £82,037 (2018: £49,433).

	2019	2018
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed from group undertakings	-	37,571

Amounts owed by group undertakings accrue interest at 5%, are unsecured and have no fixed payment date. There is no expectation the balance will be called for 12 months from the date of signing the financial statements, unless funds are available. The balances are contractually due to be settled on demand given written notice of 5 working days.

15. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	919	782
Corporation tax	49	452
Other taxation and social security	850	726
Other creditors	-	120
Accruals and deferred income	6,051	5,373
Amounts owed to group undertakings	28,131	-
	<u>36,000</u>	<u>7,453</u>

Amounts owed to group undertakings accrue interest at 5%, are unsecured and have no fixed payment date. There is no expectation the balance will be called for 12 months from the date of signing the financial statements. The balances are contractually due to be settled on demand given written notice of 5 working days.

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	-	28,355

17. Deferred taxation

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

	2019	2018
	£'000	£'000
Balances:		
Accelerated capital allowances	-	48
Non trade loan relationship deficit	-	14
Fixed asset timing differences	33	-
Other timing differences	19	19
	<u>52</u>	<u>81</u>

	2019
	£'000
Movements in the year:	
Asset at 1 January 2018	81
Credit to the statement of comprehensive income	(29)
Asset at 31 December 2018	<u>52</u>

Tax losses of £nil, for which no deferred tax asset was previously recognised were utilised in the current financial year (2018: £nil).

18. Retirement benefit schemes

	2019	2018
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>230</u>	<u>153</u>

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.

At the balance sheet date payable contributions outstanding amounted to £46,000 (2018: £27,000).

INVESTIS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Called up share capital

	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
2,047,759 Ordinary shares of 1p each (2018: 2,047,759)	20	20
	20	20
	20	20

Ordinary shares are pari passu and have attached to them voting rights, rights on a return of capital, dividend rights and are not redeemable.

20. Reserves

Share premium

This reserve represents the premium paid on the issue of share capital, net of any issue expenses.

Capital contribution

The capital contribution reserve represents contributions made by shareholders.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends and other adjustments.

Merger reserves

The Merger reserves represents the transfer of trade and assets of Global3Digital Limited to Investis Digital Limited and removal of investment.

Share based payment reserve

The share based payment reserve represents a reserve formed in relation to equity-settled share-based payment transactions occurred during 2019.

21. Contingent liabilities

Covenants exist under the Alcentra Facility in relation to Adjusted Leverage and Cashflow Cover. These covenants have been in effect from June 2018 and have been passed, with the expectation this will continue throughout 2020.

Under the financing agreement with Alcentra, Investis Digital Limited, Investis Digital Topco Limited, Investis Digital Midco Limited, Investis Digital Bidco Limited are listed as guarantors.

From time to time, the Company is engaged in litigation in the ordinary course of business. There are no material contingent liabilities requiring disclosure.

22. Operating lease commitments

Annual commitments under non-cancellable operating leases relating to land and buildings are as follows:

	2019	2018
	£'000	£'000
Within one year	476	376
Between two and five years	1,191	63
	1,667	439
	1,667	439

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21. Operating lease commitments (continued)

The Company moved to a new office space in February 2020 entering into a new lease agreement that runs until 2023. The lease for the previous address expired in March 2020.

23. Related party transactions

The Company has taken the exemptions available in FRS102 not to disclose transactions with wholly owned members of the same group. Balances with group companies are disclosed in notes 13, 14, 15 and 16.

Investis Digital Limited provides services to ECI partners, the major shareholder, for building and maintaining their website £12,926 (2018: £18,196).

24. Controlling party

The Company is a wholly owned subsidiary of Investis Digital Bidco Limited, a company incorporated in England and Wales. The ultimate parent company is Investis Digital Topco Limited, a company incorporated in England and Wales.

60% of the issued share capital of Investis Digital Topco Limited is held by ECI Ventures LLP on behalf of investors in ECI Private Equity Funds. The ECI Private Equity Funds are managed by ECI Ventures LLP. There is therefore no ultimate controlling party.

The smallest and largest group within which the Company's financial statements are consolidated are those of Investis Digital Topco Limited. A copy of the consolidated financial statements can be obtained from Level 5, Counting House, 53 Tooley St, London SE1 2QN.

25. Financial instruments

The company has the following financial instruments at amortised cost:

	Note	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	14	3,068	3,475
Amounts owed by group undertakings	14	40,109	37,571
Other debtors	14	13	1
		43,190	41,047
Financial liabilities measured at amortised cost			
Trade creditors	15	919	782
Amounts owed to group undertakings	16	28,131	28,355
		29,050	29,137

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26. Events after the reporting period

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. The Directors have reviewed the recoverability of the Company's Balance Sheet as well as the critical estimates and significant judgements in the financial statements and do not deem these to be materially impacted by the situation at this time. In particular management have considered the carrying value of intangibles the carrying value of investments, trade receivables, accrued income and intercompany balances - with no material issues noted at the date of signing these financial statements.

The most immediate impact on the Company's financial position has been a reduction in turnover versus expectations due to customers pausing existing and new projects, focusing instead on organising their businesses for COVID rather than delivering large projects. In response to these challenges the Company is actively managing its cost base and liquidity and, as at the date of this report, has taken a number of significant measures including furloughing 23 of its employees under the UK government's Coronavirus Job Retention Scheme during Q2, reducing other selling, general and administrative costs and renegotiating and rescheduling payment of significant liabilities with key stakeholders and authorities. Due to downside sensitised forecasts and projections of the Group indicating that there could be a potential breach in financial covenants under the Group's borrowing agreements, the Group obtained covenant reset agreements in November 2020 from its lenders from November 2020 to March 2022. Further details are provided in the going concern disclosures.

Management have considered the impact of the new UK lockdown in November 2020 and determined that the conclusions reached above and in the going concern assessment, note 1.3, remain unchanged.

On 24 September 2020 the Investis Digital Topco Group, through Investis Digital Limited, acquired Microserve IT Services Limited, a Bristol-based Drupal development company specialising in cutting-edge website design-and-build projects, UX, strategy and website support and maintenance.

The company was acquired for an initial £0.6m, with a further £0.7m of deferred consideration payments to be made. It is expected to further bolster Investis Digital's ability to deliver on the company's proprietary Connected Content approach, which relies on building and running intelligent websites and digital experiences that are rapidly deployed and strategically measured, all of which is underpinned by its secure Connect.ID technology.

No other subsequent events were noted.