

INVESTIS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



INVESTIS LIMITED

COMPANY INFORMATION

Directors	H James (Resigned 3 February 2017)
	A Booth (Resigned 3 February 2017)
	A Court (Appointed 12 April 2016 and resigned 3 February 2017)
	A Goodliffe (Appointed 3 February 2017)
	D Grigson (Appointed 3 February 2017)
	D Scales (Appointed 3 February 2017)
	C Price (Appointed 29 June 2017)
Company number	03930926
Registered office	24 Fashion Street London E1 6PX
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

INVESTIS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditor's report to the members of Investis Limited	5 - 7
Statement of total comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 27

INVESTIS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present the strategic report and financial statements for the year ended 31 December 2017.

Principal activities

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

Objectives

The Directors plan to maintain the Company's position as a leading provider of online corporate communications in Europe. They will look to do this through the application of our proprietary methodology called Connected Content. Connected Content transforms the way companies communicate online, from digital marketing to corporate communications and investor relations. Our methodology disrupts the industry, and through our expertise, technology and service, we help ambitious businesses connect with key audiences across all digital channels. The Company has invested heavily in Connected Content in recent years and this, in conjunction with the wider Investis Group acquisition of a Search Engine Optimisation ('SEO') company, ZogDigital in the US on 16 October 2017, means the Directors believe the Company is well positioned to grow the business in 2018.

Risks and uncertainties

The core market for online corporate communications continues to grow. This is a competitive market, however the market dynamics remain positive, with online corporate communications being more cost effective than their offline equivalents, as well as creating greater engagement. The macroeconomic environment has improved over the past year, but there is still uncertainty with regard to future client expenditure. The Directors see no significant change to the macroeconomic climate in 2018 with the impact of the UK's decision to discontinue its membership of the EU still an unknown.

Performance and development

The Directors are of the opinion that the following constitute the Company's key performance indicators:

- Revenue
- Operating profit (before exceptional items)

Revenue was £17.3m (2016: £16.1m), with operating loss of £5.2m (Restated 2016: profit of £3.4m) for the year.

Revenue and operating profits continue to grow however in 2017 we have incurred additional one-off expenses in relation to an impairment relating to the DACH investment in Flife due to this part of the business combining with Investis Limited during the year. Due to the business combination, the German office was closed, and additional expenditure was incurred as a result of this. Additionally, acquisition of ZogDigital and a Senior Management restructuring during the year resulted in increased exceptional costs. Also, the company incurred additional foreign exchange losses as a result of our investment in the US and fluctuation of the US Dollar exchange rate. See note 4 for further information

On behalf of the Board



Claire Price
Director

30 May 2018

INVESTIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors

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

H James	(Resigned 3 February 2017)
A Booth	(Resigned 3 February 2017)
A Court	(Appointed 12 April 2016 and resigned 3 February 2017)
A Goodliffe	(Appointed 3 February 2017)
D Grigson	(Appointed 3 February 2017)
D Scales	(Appointed 3 February 2017)
C Price	(Appointed 29 June 2017)

Results and dividends

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

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2016: £nil).

Political donations

The Company made no political donations and incurred no disclosable political expenditure during the year (2016: £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 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, The Directors believe the Company and Group are well positioned to continue to expand in 2018 and beyond due to continued market growth in its core markets and investment in Connected Content. This is driven by the cost effectiveness of stakeholder communications online against offline, a supportive regulatory environment and continued improvement in the Company's operational gearing as it increases its revenue and customer base.

INVESTIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

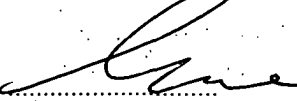
Independent Auditor

KPMG LLP resigned as auditors on 15 March 2018 and PricewaterhouseCoopers LLP were appointed on 16 April 2018.

The UK's exit from the EU

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. The terms under which the UK will exit are still under negotiation however the Directors believe the impact on Investis Limited will be limited.

On behalf of the Board



Claire Price

Director

30 May 2018

INVESTIS LIMITED

Statement of directors' responsibilities in respect of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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.

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

31 May 2018

INVESTIS LIMITED

Independent auditors' report to the members of Investis Limited

Report on the audit of the financial statements

Opinion

In our opinion, Investis Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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 2017; 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 when:

- 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.

INVESTIS LIMITED

Independent auditors' report to the members of Investis Limited

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.

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 2017 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 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 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 LIMITED

Independent auditors' report to the members of Investis 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

30 May 2018

INVESTIS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	Restated 2016 £'000
Turnover	3	17,309	16,133
Cost of sales		<u>(6,131)</u>	<u>(7,505)</u>
Gross profit		11,178	8,628
Administrative expenses		(12,213)	(4,844)
Impairment of investment	12	(3,500)	
Exceptional items	4	(696)	(311)
Operating (loss)/profit	4	<u>(5,231)</u>	<u>3,473</u>
Interest receivable and similar income	7	754	453
Interest payable and similar expenses	8	<u>(727)</u>	<u>(532)</u>
(Loss)/profit before taxation		(5,204)	3,394
Tax on (loss)/profit	9	<u>271</u>	<u>(103)</u>
(Loss)/profit for the financial year	20	<u>(4,933)</u>	<u>3,291</u>
Total comprehensive (expense)/income for the year		<u><u>(4,933)</u></u>	<u><u>3,291</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 - 27 form an integral part of these financial statements.

INVESTIS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2017 £'000	Restated 2016 £'000
Fixed assets				
Intangible assets				
Other intangible assets	10		373	2,934
Total intangible assets			373	2,934
Tangible assets				
Investments	11 12		117 2,973	166 6,473
			3,463	9,573
Non-current assets				
Debtors amount falling due after more than one year	14		34,430	11,921
Current assets				
Debtors amounts falling due within one year	14	5,804		6,894
Cash at bank and in hand		2,530		792
		8,334		7,686
Creditors: amounts falling due within one year	15	(7,414)		(8,616)
Net current assets			920	(930)
Total assets less current liabilities			38,813	20,564
Creditors: amounts falling due after more than one year	16		(32,797)	(9,615)
Net assets			6,016	10,949
Capital and reserves				
Called up share capital	19		20	20
Share premium account			9,225	9,225
Capital contribution reserve			3	3
Merger Reserve	20		(4,952)	(4,952)
Profit and loss account	20		1,720	6,653
Total equity			6,016	10,949

The financial statements on pages 8 to 27 were approved by the Board of Directors on 30 May 2018 and are signed on its behalf by:


 Claire Price
 Director

Company Registration No. 03930926

The notes on pages 11 - 27 form an integral part of these financial statements.

INVESTIS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Capital redemption reserve	Merger Reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	20	9,225	3	(4,952)	3,362	7,658
Year ended 31 December 2016:						
Profit and total comprehensive income for the year	-	-	-	-	3,291	3,291
Balance at 31 December 2016	20	9,225	3	(4,952)	6,653	10,949
Year ended 31 December 2017:						
Loss and total comprehensive expense for the year	-	-	-	-	(4,933)	(4,933)
Balance at 31 December 2017	20	9,225	3	(4,952)	1,720	6,016

The notes on pages 11 - 27 form an integral part of these financial statements.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.1 Company information

Investis Limited is a private company limited by shares domiciled and incorporated in UK, registered in England and Wales. The registered office is 24 Fashion Street, London, E1 6PX.
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.

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 Limited is a wholly owned subsidiary of Investis Bidco Limited and the results of Investis Limited are included in the consolidated financial statements of Investis Topco Limited which are available from 24 Fashion Street, London, E1 6PX.

1.3 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.

A letter of support has been provided from Investis Topco Limited confirming the ongoing provision of financial or other assistance that may be necessary for the company to meet all financial obligations.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

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 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.

Change in accounting estimate

During 2017, management assessed the amortisation of contractual relationships and reduced the useful life to 5 years from 10 years, this resulted in an acceleration of amortisation of £2.2m during the year.

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	33% straight line
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
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.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

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, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

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.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.10 Financial instruments (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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.

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.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

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.

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.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

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 Prior year adjustment

The opening balance sheet as at 1 January 2016 has been restated to:

- 1) Create a merger reserve of £4,952,000 arising on the transfer of trade and assets of Global3Digital Limited to Investis Limited and remove the goodwill, which was created in error during FY2015.
- 2) Remove the amortisation charge of £495,000 related to the goodwill, noted in point 1, from the Statement of Comprehensive Income for the year ended 31 December 2016.
- 3) Release the interest accrual of £2,077,000 relating to accrued interest on preference shares into the profit and loss account and as such retained earning, as the liability was no longer payable after a share restructure in 2012, where the preference shares no longer exist.

The impact on the financial statements is as follows:

	31-Dec-17	31-Dec-16	01-Jan-16
	£'000	£'000	£'000
Decrease in amortisation charge	-	(495)	-
Decrease in goodwill	-	(3,962)	(4,952)
Decrease in preference share interest accrual	-	2,077	2,077
Decrease in equity	-	(2,380)	(2,875)

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.

Impairment of intangible assets (note 12)

Annually the Directors considers 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 2017: 9.38% (2016: 8%) in order to calculate the net present value of those cash flows. This assessment has been performed and no issues were noted.

Revenue Recognition

Turnover comprises sales of hosting and maintenance services and design and build contracts, net of value added tax.

Design and build revenue is recognised as a proportion of total contract value based on hours incurred in relation to total anticipated hours due to completion. Anticipated hours include estimates of hours incurred up to the date of 31 December which are the best estimates made by the management and can vary from the actual worked hours.

3 Turnover

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

	2017	2016
	£'000	£'000
Turnover		
Sales of services	17,309	16,133
Turnover analysed by geographical market	2017	2016
	£'000	£'000
United Kingdom	12,396	13,230
EMEA	3,944	2,003
Rest of World	969	900
	17,309	16,133

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating (loss)/profit

	Notes	2017	2016
		£'000	£'000
Operating (loss)/profit for the year is stated after charging/(crediting):		£'000	£'000
Exchange losses/(gains)		1,682	(1,411)
Fees payable to the Company's auditors for the audit of the Company's financial statements		90	103
Depreciation of owned tangible fixed assets	11	176	151
Amortisation of intangible assets	10	2,897	622
Operating lease charges	22	384	375
Exceptional items		696	311
Impact of impairment	12	3,500	-

Exceptional costs incurred during the year include costs of £36,000 associated with the closure of the German office, restructuring costs of £394,000 for change in the Board and restructuring of senior management and non-capitalised cost of £166,000 from the Zog Digital acquisition by Investis Inc. This cost for FY2016 includes the cost associated with IT platform migration to AWS and BI project for £239,000.

5 Employees

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

	Notes	2017	2016
		Number	Number
Website production and maintenance		69	71
Sales		33	37
Administration		10	10
		<u>112</u>	<u>118</u>

Their aggregate remuneration comprised:

		2017	2016
		£'000	£'000
Wages and salaries		6,680	6,334
Social security costs		780	742
Other pension costs	18	58	60
		<u>7,518</u>	<u>7,136</u>

6 Directors' remuneration

		2017	2016
		£'000	£'000
Remuneration for qualifying services		397	544
Company pension contributions to defined contribution schemes		3	3
		<u>400</u>	<u>547</u>

There are two qualifying directors of which one has opted for pension benefits. (2016: none)

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Directors' remuneration (continued)

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

	2017 £'000	2016 £'000
Remuneration for qualifying services	342	143
Company pension contributions to defined contribution schemes	3	-

7 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from group undertakings	(754)	(453)

8 Interest payable and similar expenses

	2017 £'000	2016 £'000
Bank charges	15	17
Interest on finance leases and hire purchase contracts	-	4
Interest payable to group undertakings	712	511

9 Tax on (loss)/profit

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on profits for the current year	-	124
Adjustments in respect of prior periods	(68)	-

Total current tax	(68)	124
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INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Tax on (loss)/profit (continued)	2017	2016
	£'000	£'000
Deferred tax		
Origination and reversal of timing differences	(223)	(28)
Changes in tax rates	26	5
Adjustment in respect of prior periods	(6)	2
Total deferred tax	<u>(203)</u>	<u>(21)</u>
Total tax (credit) / charge	<u>(271)</u>	<u>103</u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively 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.

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:

	2017	2016
	£'000	£'000
(Loss)/profit before taxation	<u>(5,204)</u>	<u>3,394</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(1,002)	679
Tax effect of expenses that are not deductible in determining taxable profit	822	24
Tax effect of income not taxable in determining taxable profit	-	(29)
Tax effect of utilisation of tax losses not previously recognised	-	(117)
Adjustments in respect of prior years	(75)	(99)
Group relief	-	(362)
Deferred tax adjustments in respect of prior years	(42)	2
Deferred tax rate difference	26	5
Taxation (credit) / charge for the year	<u>(271)</u>	<u>103</u>

At 31 December 2017, the Company had deferred tax assets of £240,000 (2016: £37,000) in relation to allowable tax losses and accelerated capital allowances. These assets have been recognised in the financial statements, as, in the opinion of the Directors, they will be recoverable.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Intangible assets

	Software	Contractual relationships	Total
	£'000	£'000	£'000
Cost			
Restated: At 1 January 2017	1,526	4,613	6,139
Additions - separately acquired	336		336
Disposals			
At 31 December 2017	<u>1,862</u>	<u>4,613</u>	<u>6,475</u>
Accumulated amortisation			
Restated: At 1 January 2017	1,287	1,918	3,205
Amortisation charged for the year	202	2,695	2,897
At 31 December 2017	<u>1,489</u>	<u>4,613</u>	<u>6,102</u>
Carrying amount			
At 31 December 2017	<u>373</u>		<u>373</u>
At 31 December 2016	<u>239</u>	<u>2,695</u>	<u>2,934</u>

During the year an acceleration of amortisation was made in relation to the Hemscott Investment of £2.2m (2016: £0.5m)

Internally generated intangible assets created by the development teams are capitalised and amortised from 2.5 to 5 years. While other IT softwares are amortised over the period of 3 years.

Restated: Refer to note 1 for the details of the prior year restatement in relation to goodwill previously included in the intangible assets.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Leasehold Improvements	Fixtures, Fittings & Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	22	343	1,385	1,750
Additions	-	19	107	126
Disposals	-	-	-	-
At 31 December 2017	22	362	1,492	1,876
Accumulated depreciation				
At 1 January 2017	22	289	1,272	1,583
Depreciation charged in the year	-	47	129	176
Disposals	-	-	-	-
At 31 December 2017	22	336	1,401	1,759
Carrying amount				
At 31 December 2017	-	26	91	117
At 31 December 2016	-	54	112	166

12 Investments

	Notes	2017 £'000	2016 £'000
Investments in subsidiaries	13	2,973	6,473

The directors have performed impairment testing based upon net asset position of the investment. They have concluded that Investis Flife GmbH should be impaired by £3.5m (FY16: £nil), due to the transfer of business to Investis Limited, to reflect the value of net assets currently held.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Investments (continued)

Movements in fixed asset investments	Shares in group undertakings £'000
Cost	
At 1 January 2017 & 31 December 2017	<u>6,473</u>
 Impairment	 <u>(3,500)</u>
 Carrying amount	
At 31 December 2017	<u><u>2,973</u></u>
 At 31 December 2016	 <u><u>6,473</u></u>

13 Subsidiaries

Details of the Company's subsidiaries at 31 December 2017 and at 31 December 2016 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	Indirect
Investis Holdings Limited	1	Holding comp.	Ordinary	100	
Investis Finland OY	2	Corp. Comm. services	Ordinary	100	
Investis Flife GmbH	3	Corp. Comm. services	Ordinary		100
Investis Flife IR GmbH	3	Corp. Comm. services	Ordinary		100
Investis Corporate Communications Pvt Ltd	4	Corp. Comm. services	Ordinary	100	
Investis Inc	5	Corp. Comm. services	Ordinary	100	
Investis Sweden Holdings AB	6	Holding comp.	Ordinary	100	
Investis Sweden AB	6	Corp. Comm. services	Ordinary		100
Zog Digital (acquired on 16 October 2017)	7	Corp. Comm. services	Ordinary		100

Registered Office addresses:

1. 24 Fashion Street, London, UK E1 6PX
2. Etelaesplanadi 22 A, 00130, Helsinki, Finland
3. Ottostr. 5, 97070 Wurzburg, Germany

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Subsidiaries (continued)

4. Royal House, Atlantis Lane, Sarbhai Campus, Vadi-Wadi, Vadodara - 390007, India
5. 16th Floor, 142 West, 36th Street, New York 10018, USA
6. Fiskhamngatan 8 D 414 58 Goteborg, Sweden
7. 11201 N. Tatum Blvd., #200 Phoenix, Arizona 85028

14 Debtors

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	4,736	6,054
Corporation tax	61	-
Other debtors	-	29
Prepayments and accrued income	767	774
	<u>5,564</u>	<u>6,857</u>
Deferred tax asset (note 17)	240	37
	<u>5,804</u>	<u>6,894</u>

Trade debtors are stated after provisions for impairment of £50,000 (2016: £50,000)

	2017	2016
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	34,430	11,921
	<u>34,430</u>	<u>11,921</u>

Amounts due from group undertakings accrue interest at 5% are unsecured and has no fixed payment date, however agreement has been made that no amounts will be settled in the Group within the next 12 months.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	1,374	1,277
Corporation tax	-	240
Other taxation and social security	778	861
Deferred tax	120	120
Other creditors	17	179
Accruals and deferred income	5,125	5,939
	<u>7,414</u>	<u>8,616</u>

16 Creditors: amounts falling due after more than one year

	2017	Restated 2016
	£'000	£'000
Amounts owed to group undertakings	32,797	9,615
	<u>32,797</u>	<u>9,615</u>

Amounts due from group undertakings accrue interest at 5% are unsecured and has no fixed payment date, however agreement has been made that no amounts will be settled in the Group within the next 12 months.

See note 1 for details of the restatement.

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	Assets 2017 £'000	Assets 2016 £'000
Balances:		
Accelerated capital allowances	66	29
Non trade loan relationship deficit	158	-
Other timing differences	16	8
	<u>240</u>	<u>37</u>
		2,017
Movements in the year:		£'000
Asset at 1 January 2017		(37)
Credit to profit and loss		(203)
Asset at 31 December 2017		<u>(240)</u>

Tax losses of £nil, for which no deferred tax asset was previously recognised were utilised in the current financial year (2016: £585,000).

18 Retirement benefit schemes

	2017 £'000	2016 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>58</u>	<u>60</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 contributions outstanding amounted to £14,000 (2016: £14,000).

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Called up share capital	2017	Restated
	£'000	2016
		£'000
Ordinary share capital		
Issued and fully paid		
2,047,759 Ordinary shares of 1p each (2016: 2,047,759)	20	20
	<u>20</u>	<u>20</u>

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 reserves

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 Limited and removal of investment.

21 Contingent liabilities

On 12 October 2017 the group completed a refinancing of its liabilities. This has resulted in the settlement of the Clydesdale loan facility being £10.4m and converted into a £30.0m loan with Alcentra.

Under the new financing agreement, Investis Limited, Investis Topco Limited, Investis Midco Limited, Investis Bidco Limited are listed as guarantors.

22 Operating lease commitments

Lessee

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

	2017	2016
	£'000	£'000
Within one year	384	375
Between two and five years	447	815
	<u>831</u>	<u>1,190</u>

INVESTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 and 15.

Investis Limited provides services to ECI partners, who are our shareholder, for building and maintaining their website £21,173 (2016: £20,442). The Company has also recognised a cost of £38,605 (2016: £30,000) as management fees to Richard Chapman, a representative director from ECI Venture, at year end £22,500 is outstanding (2016: £7,500).

24 Controlling party

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

60% of the issued share capital of Investis 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 Topco Limited. A copy of the consolidated financial statements can be obtained from 24 Fashion Street, London E1 6PX.

25 Financial Instruments

The company has the following financial instruments amortised cost:

	Notes	2017 £'000	2016 £'000
Financial assets that are debt instruments measured at			
Trade debtors	14	4,736	6,054
Amounts owed by group undertakings	14	34,430	11,921
Other debtors	14		29
		<u>39,166</u>	<u>18,004</u>
Financial liabilities measured at amortised cost			
Trade creditors	15	1,374	1,277
Amounts owed to Group Undertakings	16	32,797	9,615
Other creditors	15	17	179
		<u>34,188</u>	<u>11,071</u>