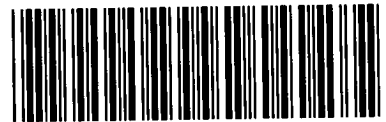


**VISUALSOFT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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# VISUALSOFT LIMITED

## COMPANY INFORMATION

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|                             |  |
|-----------------------------|--|
| <b>Directors</b>            | Mr D Benson<br>Mr T Johnson<br>Mr D Duke<br>Mr M Leader<br>Mr N Innes<br>Mr M McDermott                |
| <b>Secretary</b>            | Mr D Benson  |
| <b>Company number</b>       | 03655545   |
| <b>Registered office</b>    | Visualsoft House<br>Princes Wharf<br>Thornaby<br>Stockton on Tees<br>Cleveland<br>TS17 6QY             |
| <b>Independent Auditors</b> | PricewaterhouseCoopers LLP<br>Central Square South<br>Orchard Street<br>Newcastle upon Tyne<br>NE1 3AZ |
| <b>Bankers</b>              | Barclays Bank Plc<br>Leicester<br>LE87 2BB   |

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# **VISUALSOFT LIMITED**

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# VISUALSOFT LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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### Financial Highlights

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Company Revenue  
(£'000)

**14,912**

**+14.73%**

Net Assets  
(£'000)

**7,226**

**+20.9%**

### Non-Financial Highlights

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Bandwidth served  
(Terabytes) ('000)

**1,243**

**+25.7%**

Orders processed  
(£'000)

**11,549**

**+3.6%**

Platform Revenue  
(£'000)

**754,166**

**+5.4%**

### Company Overview

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Visualsoft celebrated its 20th anniversary during the year. As a business we are proud to have taken a leading regional ecommerce brand and grown it to a nationally recognised provider of online retail excellence. Looking ahead to the future, this is an exciting time for Visualsoft as we start to make our presence felt in overseas markets including Europe, America and the Middle East.

2018/19 has been a year of growth for the business; Visualsoft doubled the number of subscribers to our unique Shared Success model, a market leading product which underlines our commitment to helping retailers grow their business online. As 2019 has been a year of growth, and preparation for growth, this has necessitated an investment in both office space and headcount. As a result of this reinvestment into the operation of the business we have seen a reduction in profitability compared to 2018. Building on this investment the business anticipates a return to growth.

### CEO Statement

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2018/19 was a very special year for Visualsoft, and for me personally, as we celebrated our 20 year anniversary. Reflecting back on the last 20 years, I am very proud of what we have achieved for ourselves and for our clients; I am even more excited about what the future holds. Over the past 20 years we have laid very strong foundations, gone through a number of evolutions and learned a lot; in fact we now have over 1000 years of combined staff experience within Visualsoft. Looking to the future, and building on this experience, we have ambitious growth plans which we are now firmly in a position to deliver.

It remains our core aim to consistently deliver innovations that provide competitive advantage for our clients and to ensure that we are at the cutting edge of online retail. To that end we continue to invest in research

# VISUALSOFT LIMITED

## STRATEGIC REPORT


FOR THE YEAR ENDED 30 JUNE 2019

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and development and to launch exciting new products and innovations such as augmented reality, image search and voice search. We have also reorganised our client facing departments and realigned their priorities to make sure our clients are at the heart of everything we do.

In recent years Visualsoft has grown significantly and 2018/19 was no different. As we grow we inevitably face new challenges; the way we have adapted and grown over the year says a lot about the strength of this business and the quality of the people who work in it. I am very pleased with the progress and changes we have made and I am confident that the foundations we have laid during 2018/19 will stand us in good stead for the future.

Visualsoft remains committed to sustainable growth and as our client base grows, and our staff numbers with it, we need to expand our physical space. As a business we are thrilled with our new central Newcastle office, which can accommodate up to 80 staff. We have also recently launched the new wing of our Stockton-on-Tees headquarters, which will provide space for an additional 25 staff along with a suite of client facing facilities such as training rooms, meeting spaces and a presentation and entertainment venue. This investment in our built environment, alongside our ongoing investment in our staff, will help us to deliver the excellent service we are committed to providing to our clients and to offer secure employment for our staff and a growing number of opportunities for prospective employees.



On behalf of the board

Mr. D Benson

Director

Date: 2 April 2020

# **VISUALSOFT LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

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The directors present their annual report and financial statements for the year ended 30 June 2019.

### **Principal activities**

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

### **Directors**

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

Mr D Benson  
Mr T Johnson  
Mr D Duke  
Mr M Leader  
Mr N Innes  
Mr M McDermott

### **Results and dividends**

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

No dividends were paid. The directors do not recommend payment of a final dividend.

### **Qualifying third party indemnity provisions**

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

### **Financial instruments**

#### ***Liquidity risk***

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

#### ***Interest rate risk***

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

#### ***Credit risk***

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

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

### **Research and development**

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

# **VISUALSOFT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2019**

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### **Future developments**

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

### **Disability Policy**

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

### **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

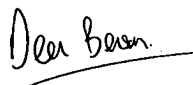
### **Auditor**

Ernst & Young LLP resigned as the Company's auditors in April 2019 and PricewaterhouseCooper LLP were appointed as the Company's auditors.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor are aware of that information.

On behalf of the board



Mr. D Benson  
**Director**

Date: 2 April 2020

# **VISUALSOFT LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2019***

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **VISUALSOFT LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISUALSOFT LIMITED FOR THE YEAR ENDED 30 JUNE 2019**

---

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Visualsoft Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the 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**

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.

We have nothing to report in respect of the above matters.

#### **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.

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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISUALSOFT LIMITED

## Reporting on other information

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 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 Directors' Responsibilities Statement, 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](http://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.

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
LLP Chartered Accountants and Statutory  
Auditors Newcastle upon Tyne  
2 April 2020

# VISUALSOFT LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

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|  | Notes | 2019<br>£        | 2018<br>£        |
|--|-------|------------------|------------------|
| Turnover                               | 3     | 14,912,059       | 12,998,269       |
| Cost of sales                          |       | (9,400,274)      | (7,926,997)      |
| <b>Gross profit</b>                    |       | <b>5,511,785</b> | <b>5,071,272</b> |
| Administrative expenses                |       | (4,244,458)      | (3,291,088)      |
| Other operating income                 | 3     | 183,856          | 317,359          |
| <b>Operating profit</b>                | 4     | <b>1,451,183</b> | <b>2,097,543</b> |
| Interest receivable and similar income | 7     | -                | 1,273            |
| Interest payable and similar expenses  | 8     | (142,714)        | (84,153)         |
| <b>Profit before taxation</b>          |       | <b>1,308,469</b> | <b>2,014,663</b> |
| Tax on profit (charge)/credit          | 9     | (59,420)         | (182,658)        |
| <b>Profit for the financial year</b>   |       | <b>1,249,049</b> | <b>1,832,005</b> |

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.  
The notes on pages 13 to 29 form an integral part of these financial statements.

# VISUALSOFT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

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|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Profit for the year                            | 1,249,049        | 1,832,005        |
| Other comprehensive income                     | -                | -                |
| <b>Total comprehensive income for the year</b> | <u>1,249,049</u> | <u>1,832,005</u> |

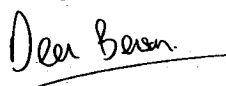
# VISUALSOFT LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2019

|  | Notes | 2019               |                  | 2018               |                  |
|--|-------|--------------------|------------------|--------------------|------------------|
|  |       | £                  | £                | £                  | £                |
| <b>Fixed assets</b>  |       |                    |                  |                    |                  |
| Intangible assets  | 10    |                    | 100,716          |                    | -                |
| Tangible assets  | 11    |                    | 1,612,227        |                    | 1,329,034        |
| Investment property  | 12    |                    | 800,000          |                    | 800,000          |
|  |       |                    | <u>2,512,943</u> |                    | <u>2,129,034</u> |
| <b>Current assets</b>  |       |                    |                  |                    |                  |
| Debtors  | 14    | 7,162,757          |                  | 6,049,275          |                  |
| Cash at bank and in hand                                       |       | 1,330,216          |                  | 1,176,621          |                  |
|  |       | <u>8,492,973</u>   |                  | <u>7,225,896</u>   |                  |
| <b>Creditors: amounts falling due within one year</b>          | 15    | <u>(1,883,721)</u> |                  | <u>(1,640,400)</u> |                  |
| <b>Net current assets</b>                                      |       |                    | <u>6,609,252</u> |                    | <u>5,585,496</u> |
| <b>Total assets less current liabilities</b>                   |       |                    | 9,122,195        |                    | 7,714,530        |
| <b>Creditors: amounts falling due after more than one year</b> | 16    |                    | (1,738,230)      |                    | (1,649,049)      |
| <b>Provisions for liabilities</b>                              | 19    |                    | <u>(158,051)</u> |                    | <u>(88,616)</u>  |
| <b>Net assets</b>  |       |                    | <u>7,225,914</u> |                    | <u>5,976,865</u> |
| <b>Capital and reserves</b>                                    |       |                    |                  |                    |                  |
| Called up share capital  | 22    |                    | 100              |                    | 100              |
| Property revaluation reserve                                   |       |                    | 201,385          |                    | 201,385          |
| Profit and loss reserve  | 23    |                    | 7,024,429        |                    | 5,775,380        |
| <b>Total equity</b>  |       |                    | <u>7,225,914</u> |                    | <u>5,976,865</u> |

The financial statements were approved by the board of directors and authorised for issue on 2 April 2020 and are signed on its behalf by:



Mr. D Benson  
Director

Company Registration No. 03655545

# VISUALSOFT LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

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|  | Share<br>capital | Property<br>revaluation<br>reserve | Profit and<br>loss reserve | Total     |
|--|------------------|------------------------------------|----------------------------|-----------|
| Notes  | £                | £                                  | £                          | £         |
| <b>Balance at 1 July 2017</b>                      | 100              | 201,385                            | 3,943,375                  | 4,144,860 |
| <b>Year ended 30 June 2018:</b>                    |                  |                                    |                            |           |
| Profit and total comprehensive income for the year | -                | -                                  | 1,832,005                  | 1,832,005 |
| Other movements                                    | -                | -                                  | -                          | -         |
| <b>Balance at 30 June 2018</b>                     | 100              | 201,385                            | 5,775,380                  | 5,976,865 |
| <b>Year ended 30 June 2019:</b>                    |                  |                                    |                            |           |
| Profit and total comprehensive income for the year | -                | -                                  | 1,249,049                  | 1,249,049 |
| Other movements                                    | -                | -                                  | -                          | -         |
| <b>Balance at 30 June 2019</b>                     | 100              | 201,385                            | 7,024,429                  | 7,225,914 |

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**VISUALSOFT LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|   | Notes | 2019<br>£        | £ | 2018<br>£        | £ |
|---|-------|------------------|---|------------------|---|
| <b>Cash flows from operating activities</b>                 |       |                  |   |                  |   |
| Cash generated from operations                              | 28    | 1,289,161        |   | 1,324,878        |   |
| Interest paid   |       | (142,714)        |   | (84,153)         |   |
| Income taxes refunded/(paid)                                |       | (59,420)         |   | 10,291           |   |
| <b>Net cash inflow from operating activities</b>            |       | <b>1,087,027</b> |   | <b>1,251,016</b> |   |
| <b>Cash flows from investing activities</b>                 |       |                  |   |                  |   |
| Purchase of tangible fixed assets                           |       | (383,148)        |   | (79,783)         |   |
| Interest received   |       | -                |   | 1,273            |   |
| <b>Net cash used in investing activities</b>                |       | <b>(383,148)</b> |   | <b>(78,510)</b>  |   |
| <b>Cash flows from financing activities</b>                 |       |                  |   |                  |   |
| Receipt/Repayment of bank loans                             |       | (58,959)         |   | 626,668          |   |
| Loans Received  |       | 150,000          |   | (85,509)         |   |
| Payment of finance lease obligations                        |       | (63,671)         |   | (740,183)        |   |
| Loans repaid (to)/by directors                              |       | (577,654)        |   | (5,000)          |   |
| <b>Net cash used in financing activities</b>                |       | <b>(550,284)</b> |   | <b>(204,024)</b> |   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>153,595</b>   |   | <b>(968,482)</b> |   |
| Cash and cash equivalents at beginning of year              |       | 1,176,621        |   | 208,139          |   |
| <b>Cash and cash equivalents at end of year</b>             |       | <b>1,330,216</b> |   | <b>1,176,621</b> |   |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (continued)

#### Company information

Visualsoft Limited is a private company limited by shares incorporated in England and Wales. The registered office is Visualsoft House, Princes Wharf, Thornaby, Stockton on Tees, Cleveland, TS17 6QY.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

The company is a wholly owned subsidiary and is included in the consolidated financial statements of Visualsoft Holdings Limited, which can be obtained from Princes Wharf, Thornaby, Stockton on Tees, Cleveland TS17 6QY. As such it is a qualifying entity under FRS 102 and has taken advantage of the FRS 102 Section 33.1A not to disclose transactions with its parent company.

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Revenue from contracts for the provision of websites is recognised by reference to the stage of completion, based on the percentage of work completed.

#### 1.4 Research and development expenditure

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

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

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

#### 1.5 Tangible fixed assets

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

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

|                                   |                        |
|-----------------------------------|------------------------|
| Freehold building                 | 30 years straight line |
| Plant and machinery               | 3 years straight line  |
| Computer equipment                | 3 years straight line  |
| Leasehold property improvements   | 4 years straight line  |
| Freehold land is not depreciated. |                        |

# **VISUALSOFT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2019**

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### **1 Accounting policies (continued)**

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.

#### **1.6 Intangible assets**

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

Capitalised development costs 1 – 5 years

#### **1.7 Investment property**

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

#### **1.8 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in 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.

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

#### **1.9 Cash and cash equivalents**

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

#### **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.

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

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

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

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

#### **Impairment of financial assets**

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

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

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 Accounting policies (continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in 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.

#### 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.

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (continued)

#### **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 on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

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

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

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

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

#### **1.14 Retirement benefits**

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

#### **1.15 Leases**

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

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

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

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

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (continued)

#### 1.16 Government grants

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

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

### 2 Judgements and key sources of estimation uncertainty

#### Judgements

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.

#### Marketing Days Revenue

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

#### Estimates

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.

### 3 Turnover and other revenue

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

|   | 2019       | 2018       |
|---|------------|------------|
|   | £          | £          |
| <b>Turnover analysed by class of business</b> |            |            |
| E-commerce services                           | 14,912,059 | 12,998,269 |
|   | <hr/>      | <hr/>      |
|   | 2019       | 2018       |
|   | £          | £          |
| <b>Other operating income</b>                 |            |            |
| Grants received                               | -          | 124,590    |
| Rental income                                 | 124,625    | 129,425    |
| Service charge receivable                     | 59,231     | 63,344     |
|   | <hr/>      | <hr/>      |
|   | 183,856    | 317,359    |
|   | <hr/>      | <hr/>      |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### Turnover and other revenue (continued)

#### Turnover analysed by geographical location

|                | 2019              |
|----------------|-------------------|
|                | £                 |
| UK             | 14,644,633        |
| Rest of Europe | 163,822           |
| Rest of World  | 103,604           |
|                | <u>14,912,059</u> |

#### 4 Operating profit

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | £              | £              |
| Operating profit for the year is stated after charging/(crediting):                       |                |                |
| Government grants   | -              | (124,590)      |
| Fees payable to the company's auditor for the audit of the company's financial statements | 24,000         | 12,000         |
| Fees payable to the company's auditor in respect of tax services                          | -              | 43,675         |
| Depreciation of owned tangible fixed assets   | 79,690         | 47,561         |
| Depreciation of tangible fixed assets held under finance leases                           | 156,145        | 137,534        |
| Operating lease charges   | <u>149,767</u> | <u>124,624</u> |

Operating profit is also after charging approximate costs of £900k (2018 - £1m) in respect of research and development costs representing wages and other costs.

#### 5 Employees

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

|                   | 2019       | 2018       |
|-------------------|------------|------------|
|                   | Number     | Number     |
| Administration    | 22         | 23         |
| Sales and service | 258        | 211        |
|                   | <u>280</u> | <u>234</u> |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 5 Employees (continued)

Their aggregate remuneration comprised:

|                       | 2019<br>£        | 2018<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 7,977,091        | 6,593,365        |
| Social security costs | 774,871          | 641,652          |
| Pension costs         | 118,291          | 52,452           |
|                       | <u>8,870,253</u> | <u>7,287,469</u> |

### 6 Directors' remuneration

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 830,000        | 808,886        |
| Company pension contributions to defined contribution schemes | 4,467          | 2,475          |
|   | <u>834,467</u> | <u>811,361</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

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

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| Remuneration for qualifying services                          | 145,751   | 168,784   |
| Company pension contributions to defined contribution schemes | 934       | 495       |

The directors are considered to be the only key management personnel of the company.

### 7 Interest receivable and similar income

|                                    | 2019<br>£ | 2018<br>£    |
|------------------------------------|-----------|--------------|
| Interest income                    |           |              |
| Interest on corporation tax refund | -         | 1,273        |
|                                    | <u>-</u>  | <u>1,273</u> |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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**8 Interest payable and similar expenses**

|  | 2019           | 2018          |
|--|----------------|---------------|
|  | £              | £             |
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |               |
| Loan interest  | 63,440         | 55,946        |
| Interest on finance leases and hire purchase contracts               | 79,274         | 28,207        |
|  | <u>142,714</u> | <u>84,153</u> |

**9 Tax on profit**

|  | 2019            | 2018           |
|--|-----------------|----------------|
|  | £               | £              |
| <b>Current tax</b>                                   |                 |                |
| UK corporation tax on profits for the current period | 11,484          | 111,670        |
| Adjustments in respect of prior periods              | (21,500)        | 77,960         |
| Total current tax                                    | <u>(10,016)</u> | <u>189,630</u> |
| <b>Deferred tax</b>                                  |                 |                |
| Origination and reversal of timing differences       | 69,436          | (4,430)        |
| Changes in tax rates                                 | -               | (2,542)        |
| Effect of changes in tax rates                       | -               | -              |
| Total deferred tax                                   | <u>69,436</u>   | <u>(6,972)</u> |
| Total tax charge/(credit)                            | <u>59,420</u>   | <u>182,658</u> |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 9 Tax on profit (continued)

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

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Profit before taxation  | <u>1,308,469</u> | <u>2,014,663</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19%) | 248,609          | 382,786          |
| Tax effect of expenses that are not deductible in determining taxable                             | 61,373           | 9,434            |
| Tax effect of income not taxable in determining taxable profit                                    | -                | (23,674)         |
| Adjustments in respect of prior years   | (21,500)         | 77,960           |
| Effect of change in corporation tax rate  | (8,169)          | (2,542)          |
| Group relief  | (13,131)         | (16,667)         |
| Research and development tax credit   | <u>(207,762)</u> | <u>(244,639)</u> |
| Taxation charge/(credit) for the year   | <u>59,420</u>    | <u>182,658</u>   |
| Taxation charge/(credit) in the financial statements  | <u>59,420</u>    | <u>182,658</u>   |

### 10 Intangible assets

|                                       | Capitalised<br>Development Costs |
|---------------------------------------|----------------------------------|
| <b>Cost</b>                           |                                  |
| At 1 July 2018                        | -                                |
| Additions                             | 100,716                          |
| At 30 June 2019                       | <u>100,716</u>                   |
| <b>Amortisation</b>                   |                                  |
| At 1 July 2018                        | -                                |
| Charge in the year                    | -                                |
| At 30 June 2019                       | <u>-</u>                         |
| <b>Net Book Value at 30 June 2019</b> | <u><u>100,716</u></u>            |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 11 Tangible fixed assets

|                                    | Freehold<br>building<br>£ | Plant and<br>machinery<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|------------------------------------|---------------------------|-----------------------------|----------------------------|------------|
| <b>Cost</b>                        |                           |                             |                            |            |
| At 1 July 2018                     | 1,197,229                 | 186,112                     | 344,318                    | 1,727,659  |
| Additions                          | 258,584                   | 67,953                      | 192,481                    | 519,018    |
| At 30 June 2019                    | 1,455,813                 | 254,065                     | 536,799                    | 2,246,677  |
| <b>Depreciation and impairment</b> |                           |                             |                            |            |
| At 1 July 2018                     | 47,814                    | 156,208                     | 194,603                    | 398,625    |
| Depreciation charged in the year   | 48,739                    | 28,283                      | 158,803                    | 235,825    |
| At 30 June 2019                    | 96,553                    | 184,491                     | 353,406                    | 634,450    |
| <b>Carrying amount</b>             |                           |                             |                            |            |
| At 30 June 2019                    | 1,359,260                 | 69,574                      | 183,393                    | 1,612,227  |
| At 30 June 2018                    | 1,149,415                 | 29,904                      | 149,715                    | 1,329,034  |

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

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Plant and machinery  | -         | 13,906    |
| Computer equipment   | 151,096   | 129,451   |
|  | 151,096   | 143,357   |
| Depreciation charge for the year in respect of leased assets | 156,145   | 137,534   |

Freehold buildings (including the property classified as investment property) with a total carrying amount of £1,932,028 (2018 - £1,949,415) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

### 12 Investment property

|                                 | 2019<br>£ |
|---------------------------------|-----------|
| <b>Fair value</b>               |           |
| At 1 July 2018 and 30 June 2019 | 800,000   |

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

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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### 12 Investment property (continued)

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

The carrying value of investment property comprises:

|          | 2019<br>£ | 2018<br>£ |
|----------|-----------|-----------|
| Freehold | 800,000   | 800,000   |

The comparable historic cost of the freehold investment property is £598,615 (2018: £598,615).

### 13 Financial instruments

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| <b>Carrying amount of financial assets</b>                       |           |           |
| Financial assets and debt instruments measured at amortised cost | 6,603,935 | 5,830,090 |
| <b>Carrying amount of financial liabilities</b>                  |           |           |
| Financial liabilities measured at amortised cost                 | 3,039,965 | 2,618,245 |

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

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

### 14 Debtors

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 1,403,915        | 1,260,946        |
| Other taxation and social security          | 196,530          | -                |
| Amounts due from fellow group undertakings  | 3,005,503        | 3,182,640        |
| Other debtors                               | 1,789            | 13,286           |
| Loans to directors (Note 26)                | 1,107,836        | 530,154          |
| Prepayments and accrued income              | 1,447,184        | 1,062,249        |
|   | <u>7,162,757</u> | <u>6,049,275</u> |

Trade debtors disclosed above are measured at amortised cost.

All amounts owed by group companies are unsecured, interest free and repayable on demand.

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# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 15 Creditors: amounts falling due within one year

|                                    | Notes | 2019<br>£        | 2018<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loan                          | 17    | 85,228           | 54,792           |
| Obligations under finance leases   | 18    | 80,791           | 67,351           |
| Trade creditors                    |       | 628,828          | 363,505          |
| Corporation tax                    |       | 175,156          | 162,519          |
| Other taxation and social security |       | 406,830          | 508,685          |
| Other creditors                    |       | 61,822           | 23,589           |
| Accruals and deferred income       |       | 445,066          | 459,959          |
|                                    |       | <u>1,883,721</u> | <u>1,640,400</u> |

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

|                                  | Notes | 2019<br>£        | 2018<br>£        |
|----------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts        | 17    | 1,667,999        | 1,607,391        |
| Obligations under finance leases | 18    | 70,231           | 41,658           |
|                                  |       | <u>1,738,230</u> | <u>1,649,049</u> |

### 17 Loans and overdrafts

|                         | 2019<br>£        | 2018<br>£        |
|-------------------------|------------------|------------------|
| Bank loans              | <u>1,753,227</u> | <u>1,662,183</u> |
| Payable within one year | 85,228           | 54,792           |
| Payable after one year  | <u>1,667,999</u> | <u>1,607,391</u> |

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

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

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 18 Finance lease obligations

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | £              | £              |
| Future minimum lease payments due under finance leases: |                |                |
| Within one year   | 80,791         | 67,351         |
| In two to five years                                    | 80,374         | 43,477         |
|   | <u>161,165</u> | <u>110,828</u> |
| Less: future finance charges                            | (10,143)       | (1,819)        |
|   | <u>151,022</u> | <u>109,009</u> |

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

### 19 Provisions for liabilities

|                            | Notes | 2019           | 2018          |
|----------------------------|-------|----------------|---------------|
|                            |       | £              | £             |
| Provisions for liabilities |       | 67,000         | 67,000        |
| Deferred tax provision     | 20    | 91,051         | 21,616        |
|                            |       | <u>158,051</u> | <u>88,616</u> |

### 20 Deferred taxation

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

|  | Liabilities<br>2019 | Liabilities<br>2018 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| <b>Balances:</b>   |                     |                     |
| Capital allowances (less than)/<br>in excess of depreciation | 42,992              | (17,047)            |
| Revaluations and capital grant                               | 53,502              | 53,502              |
| Short term timing differences                                | (5,443)             | (14,839)            |
|  | <u>91,051</u>       | <u>21,616</u>       |
| <b>Movements in the year:</b>                                |                     | 2019                |
|  |                     | £                   |
| Liability at 1 July 2017                                     |                     | 21,616              |
| Charge to profit or loss                                     |                     | 69,435              |
| Liability at 30 June 2018                                    |                     | <u>91,051</u>       |

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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### Deferred taxation (continued)

The group expects deferred tax timing differences of £34,707 (2018 - £31,886) to be recoverable in the next 12 months.

### 21 Retirement benefit schemes

|   | 2019           | 2018          |
|---|----------------|---------------|
|   | £              | £             |
| Defined contribution schemes  |                |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>118,291</u> | <u>52,452</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.

### 22 Called up share capital

|  | 2019       | 2018       |
|--|------------|------------|
|  | £          | £          |
| Ordinary share capital<br>Issued and fully paid<br>100 Ordinary of £1 each | <u>100</u> | <u>100</u> |
|  | <u>100</u> | <u>100</u> |

### 23 Profit and loss account

Profit and loss reserve records the cumulative amount of profits and losses less any dividend distributions paid.

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

### 24 Operating lease commitments

#### Lessee

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

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

|                            | 2019             | 2018           |
|----------------------------|------------------|----------------|
|                            | £                | £              |
| Within one year            | 242,607          | 124,624        |
| Between two and five years | 773,070          | 280,404        |
| In over five years         | 643,456          | -              |
|                            | <u>1,659,133</u> | <u>405,028</u> |

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# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 24 Operating lease commitments (continued)

#### Lessor

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

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

|                            | 2019<br>£      | 2018<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 124,624        | 124,624        |
| Between two and five years | 155,780        | 280,404        |
| In over five years         | -              | -              |
|                            | <u>280,404</u> | <u>405,028</u> |

### 25 Capital commitments

At 30 June 2019, the company had capital commitments contracted for but not provided for in these financial statements of £158,621.

### 26 Directors' transactions

| Description          | Opening<br>balance<br>£ | Amounts<br>advanced<br>£ | Amounts<br>repaid<br>£ | Loan<br>provision<br>£ | Closing<br>balance<br>£ |
|----------------------|-------------------------|--------------------------|------------------------|------------------------|-------------------------|
| Mr. T Johnson - Loan | 24,500                  | -                        | -                      | -                      | 24,500                  |
| Mr. M Burton - Loan  | 130,960                 | -                        | -                      | -                      | 130,960                 |
| Mr. D Duke - Loan    | 16,259                  | 16,130                   | -                      | -                      | 32,389                  |
| Mr. D Benson - Loan  | 358,435                 | 471,930                  | -                      | -                      | 830,365                 |
| Mr M Leader - Loan   | -                       | 89,622                   | -                      | -                      | 89,622                  |
|                      | <u>530,154</u>          | <u>577,682</u>           | <u>-</u>               | <u>-</u>               | <u>1,107,836</u>        |

Interest is not charged on amounts due from directors.

### 27 Controlling party

The company is a wholly owned subsidiary of Visualsoft Holdings Limited whose registered office is Visualsoft House, Princes Wharf, Thomaby, Stockton on Tees, Cleveland TS17 6QY. The holding company is controlled by Dean Benson. The ultimate controlling party is Dean Benson. The consolidated financial statements of Visualsoft Holdings Limited are available to the public and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

# VISUALSOFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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| 28 Cash generated from operations                    | 2019             | 2018             |
|--|------------------|------------------|
|  | £                | £                |
| Profit for the year after tax                        | 1,249,049        | 1,832,005        |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charge/(credit)                             | 59,420           | 182,658          |
| Finance costs  | 142,714          | 84,153           |
| Finance income                                       | -                | (1,273)          |
| Depreciation and impairment of tangible fixed assets | 235,825          | 185,095          |
| Increase in capitalised development expenditure      | (100,716)        | -                |
| <b>Movements in working capital:</b>                 |                  |                  |
| (Increase) in debtors                                | (535,828)        | (1,019,186)      |
| Increase in creditors                                | 238,697          | 61,426           |
| <b>Cash generated from operations</b>                | <u>1,289,161</u> | <u>1,324,878</u> |