COMPANY REGISTRATION NO. 06283181

INVU PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2010

Directors and Advisors – For the year ended 31 January 2010

Directors

D Goldman (Non-executive chairman)
C Gallick
I Smith
M Wells (Non-executive)
B Fisher (Non-executive)

Secretary

A Owen

Registered Office

The Beren, Blisworth Hill Farm
Stoke Road
Blisworth
NORTHANTS
NN7 3DB

Auditors

BDO LLP
Registered auditors
Chartered accountants
55 Baker Street
LONDON
W1U 7EU

Solicitors

Dorsey Whitney (Europe) LLP
21 Wilson Street
LONDON
EC2M 2TD

Bankers

Bank of Scotland plc
55 Temple Row
BIRMINGHAM
B2 5LS

Nominated advisor and broker

Canaccord Genuity Limited
Cardinal Place
7th Floor
80 Victoria Street
LONDON
SW1E 5JL

Registrars

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34 Beckenham Road
Beckenham
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Public Relations

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Holborn Gate
26 Southampton Buildings
LONDON
WC2A 1PB

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Chairman's Statement

In the 2009 annual report, the Board identified the strategic priorities necessary to restore the Group to profitability and positive cash flow as well as restoring stakeholder confidence in the business through management changes, good governance and adequate funding of the business.

As anticipated, the results for this financial year carry the costs of the necessary changes taken to rebuild sustainable profitability and positive cash flow. The Board expects the benefits of the steps undertaken to be realised in future financial years when the changes have had time to take effect.

The Board has implemented several management changes during the year, principally the recruitment of a new CEO (Colin Gallick joined in April 2009) and Finance Director (Ian Smith joined at the end of August 2009). These two executives respectively replace David Morgan who stepped down as CEO in February 2009 and left the Group in May 2009, John Agostini who resigned as Finance Director in July 2009 and left the Group in September 2009 and Jon Halestrap who resigned as Sales Director and left the Group in October 2009. The position of Sales Director will not be replaced and this role will be fulfilled by Colin Gallick, who is an experienced sales professional.

The Board had identified the need for a new Senior Independent Director and in August 2009 the Group announced the appointment of Mark Wells as a non-executive director. Tom Maxfield resigned from the Board during that month, following ten years as a non-executive director.

The Board decided that it wished to change the Company broker and appointed Canaccord Genuity as broker and NOMAD on 30th October 2009.

Invu's poor financial performance in the last two financial years has led to a requirement to refinance the business and during the year the Group raised £4 million in a mix of equity and debt. The equity funding came via a placing of 50 million new Ordinary Shares at a price of 2 pence per share and an issue of £0.5 million of Convertible Loan Notes in August 2009. The debt funding has been spread throughout the year, with debt funding at the year-end of £2.6 million (including interest rolled on certain loans) on the Balance Sheet. This debt is repayable on 30 June 2011, following an extension of the repayment dates post year end.

All of the changes stated above have been achieved to better align Invu for the next stage of its development and the additional financing will provide support to the Group in order for it to execute its revised strategy.

Daniel Goldman
Non Executive Chairman
14 May 2010

The full year trading performance of the business has been disappointing with revenue of £2.2 million (last year £3.4 million). However, we have begun to see some signs of improvement in the trading level of the business with an improvement in second half year revenue to £1.0 million compared £0.9 million last year. A review of the group's business model led to revenue after 31 January 2009 being recognised on sales to resellers provided that shipment of product is for a specific end user. The business model in prior years resulted in revenue being recognised when orders were received. The sales through resellers to end users of £2.8 million (last year £3.3 million) better reflects real market demand. All of our major reseller partners are now free of inventory.

This level of business is significantly lower than the business was sized to pursue when I joined the company and the immediate priority this year has been to reduce the cash burn and align the cost base with the current level of trading. This has resulted in a significant reduction in headcount and winding down a number of commitments that the company had made that were beyond its operating level. These changes have taken some time to yield cash savings and, as outlined in the Finance Review, have resulted in some exceptional costs as well as leading to some significant changes to the balance sheet. The financial support of shareholders has been, and will continue to be, essential in this turnaround period. The extent of this support is outlined in the Chairman's statement. We are very grateful for the support from both our debt and equity stakeholders.

I believe the major cause of the weak financial performance in recent years has been a lack of focus. The Group is now focused on its core business, which is the design, development and distribution of software that enables customers to manage paper and electronic documents and information, as well as business process workflow, in a simple and effective way. During the year, we have stopped work on all activities (for example Ergo), that do not serve this core business. Our target market remains small and medium sized business. We have closed our loss-making Dutch subsidiary, and we continue to support our 120 Dutch customers through our distributor Bell Micro BV.

The business has a large user base, a competitive product and a dedicated and able core employee base serving a market with good long term growth prospects. In last year's annual report I set out some clear strategic priorities designed to build on these business assets. These were: to re-engage with existing successful partners, dominate existing verticals, attack new verticals, extend into the "M" of SME and return to market-driven innovation. Our progress in the period has been as follows:

Re-engage with successful partners

We have a number of high quality resellers who in previous years have not received the level of attention they warranted because of the volume of resellers being supported across the Group. We are now focused on the management and support of these key channel partners who meet periodically as a group and they have given input into the Group's product strategy, channel management performance, policies and procedures.

We now directly manage fewer resellers, during the year we reduced the number of resellers from over 200 to less than 50.

Dominate existing verticals

We have focused our resources on verticals where we already have traction. The accountancy market is our most significant vertical market. Post year-end, on 30 April 2010, we announced a new white-label agreement with IRIS, the UK's largest private software house. Under the agreement, IRIS will sell Invu's document management product to the UK accountants' market as an integrated offering under the IRIS brand.

Attack new verticals

We have examined a number of new verticals during the year and are starting to see some success with initial approaches, one example of which is Housing Associations.

Extend into the "M" of SME

During the year our efforts to extend into the "M" of SME included the recruitment of employees and agents with experience of this tier, the recruitment of partners with a mid-tier customer base and the recruitment of software partners with complementary products. Following the period-end we announced partnerships with ABBYY and Planet Press. During the year we made sales to a number of mid tier companies including PZ Cussons plc, the FTSE 250 consumer products groups focusing on emerging markets and Vestra Wealth Management, the provider of wealth management services to private clients, companies, charities, trusts and financial intermediaries.

Return to market-driven innovation

During the year, we focused our product road map on market driven innovation. In prior years the development activity on the Series 6 product had been limited by the amount of maintenance work required to support existing installations. In the course of this financial year the level of maintenance work required decreased significantly and the release of additional functionality to Series 6 has been well received by customers and partners. The Series 5 customers were also supported with a new release of the product and the number of migrations from Series 5 to Series 6 is now accelerating.

One of the Group's major business assets is its customer base which increased from 4,208 end user sites at 1 February 2009 to 4,505 end user sites 1 February 2010 , with the addition of 297 (last year: 508) new customer sites in the period. The customer base represents around 89,702 end user licences. Repeat sales of software were made at 180 sites (last year: 387 sites).

Outlook

FY 2010 has been a difficult year for shareholders and employees. The measures undertaken in the period have been necessary to establish a stable business base that can be used as a platform for growth.

Since we announced significant cost reduction in December 2009, the business has performed at the expected level and we anticipate this to continue through the next financial year.

The changes made during the financial year put us in a position to get back towards breakeven in the next financial year, with ensuing revenue and profit growth in future years.

Colin Gallick
Chief Executive Officer
14 May 2010

The Consolidated Income Statement shows an operating loss of £4.4 million compared to a loss of £9.6 million last year. The loss includes £1.2 million of exceptional costs related to the reorganisation of the business. The operating loss before exceptional costs was £3.2 million.

Revenue in the year was £2.2 million compared to £3.4 million reported in the prior year. The UK saw a revenue decline of 9.2% to £2.1 million which is a function both of a change in the Group sales strategy and general economic conditions. The Dutch business saw a decline in revenue from £1.0 million to £0.1 million. Some of this decline is a result of devoting less resource to the Dutch market, however, the greater part of this decline relates to the recognition last year of £0.9 million of revenue which was later provided for as a bad debt in the same year.

A review of the Group's sales strategy resulted in eradicating the use of stock at resellers which has effectively led to revenue being recognised on sales to resellers provided that shipment of product is for a specific end user order. In this financial year, the transition to this approach in the UK market has resulted in reported revenue being £0.6 million (last year £0.7million) lower due to the reduction in stock held by resellers. The Board believes that sales through resellers to end users is a key performance metric and that the drop in UK revenue from £3.1 million to £2.7 million is a more relevant measure of the decline in the UK business (13%) and for sizing the business in order to stabilise it before commencing a growth strategy.

Revenue comprises the sale of software and related implementation and installation services and the sale of annual software support contracts. The Group reported sales of software and related services in the UK of £0.4 million. The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and UK revenue increased by 12% to £1.8 million in the period. The key performance metric for the sale of software support contracts is the renewal rate which was 80% compared to 82% last year.

The cost of sales includes, for the first time this year, the direct costs of the delivery of services which form the majority of revenue. These costs were included in administrative expenses and distribution costs in prior years. The prior year has been restated to show the cost of sales on a consistent basis. The gross margin percentage is down from 69.9% to 52.0% due to a significant decrease in the stock balance, as discussed below, increased commission expense due to software partners and the volume impact on a low relatively fixed cost base.

In prior years the profit and loss has shown a separate line for distribution costs. The expenses included here have been included in administrative expenses or where related directly to service revenue, in cost of sales, and the prior year has been restated to reflect this change.

Administrative expenses have decreased 14.3% from £4.9 million to £4.2 million as a result of the combination of reductions in headcount (the average headcount decreased from 65 to 53 with 30 heads employed at year end), property related expenses and a focus on reducing every expense line item to be consistent with the level of current trading. The impact of cost reduction announced in December 2009 will have a more significant impact in the next financial year.

Our strategy to better align the business resulted in reorganisation costs which have been shown as exceptional costs of £1.2 million, covering severance payments to former employees, an impairment to intangible fixed assets and the costs of terminating leases on property.

Last year £7.0 million was recorded as a bad debt expense to provide against sales previously made. No such expense was incurred in the current year.

Finance costs have increased from £13,000 to £136,000 as a result of borrowings increasing from an overdraft of £0.6 million last year to loans and convertible debt of £3.1 million this year. The convertible debt of £0.5 million has been accounted for as a compound financial instrument, of which £0.4 million is recognised in equity.

The Group Balance Sheet shows total shareholders' equity as a deficit of £2.9 million (last year surplus of £0.3 million) funded principally by borrowings and working capital. The company Balance Sheet shows total shareholders' funds of £1.8 million (2009: £6.8million).

The net book value of non-current assets has reduced from £1.6 million last year to £0.6 million. This is as a result of a reduction of intangible assets of £0.6 million, due mainly to the disposal of previously recognised assets related to Ergo, and disposal of tangible fixed assets of £0.2 million no longer used in the business. There was also a reduction in the deferred tax asset which is also indirectly caused by the reduction in the book value of fixed assets.

Working capital investment has been reduced. Inventories have been reduced by £0.2 million as a result of the Group's policies which provide for inventory in excess of one year's use and commercial practices to move away from prepaid towards "pay as you go" licensing of software from third parties. Trade and other receivables have reduced by £1.3 million as a result of the change in sales strategy mentioned above. Days sales outstanding, measured using the exhaustion method, have dropped from 150 days to 89 days.

The net cash flow consumed by operating activities in the period was £2.7 million compared to £2.4 million in the prior year.

Ian Smith
Finance Director
14 May 2010

Executive Directors

Colin Gallick, Chief Executive Officer

Colin Gallick has 25 years' experience within the software industry. Before joining Invu Plc, Mr Gallick was interim CEO for a number of software companies and also completed several assignments for Avaya, a leading telecommunications company, most recently integrating Ubiquity Software Corporation for them. During his career, he has guided several growth stage technology companies in preparation for their next stages of development, including acting as Chairman of Reading University Enterprise Hub. Between 2001 and 2006, Mr Gallick was CEO of SecEurope Ltd, later GuardedNet Inc, the Security Information Management vendor, where he set up the EMEA operations. GuardedNet was sold to Micromuse Inc in 2005.

Ian Smith, Finance Director

Ian Smith, aged 52, is a chartered accountant and most recently was Chief Financial Officer and Company Secretary of Pursuit Dynamics PLC. He was previously Chief Operating Officer and EVP Finance of nCipher plc. His earlier career included senior financial management roles at Fisons Instruments, Inc. in the USA, and with Applied Research Laboratories SA in Switzerland. He is currently a director and trustee of The Mary Wallace Foundation, a registered charity supporting cancer patients and their carers, and is also director of Your Interim Solution Limited, an interim management company.

Non-Executive Directors

Daniel Goldman, Non-Executive Chairman

Daniel Goldman joined the board in May 1999 and replaced David Morgan as Chairman in 2002. He has significant experience raising private equity finance and providing emerging technology companies with bespoke corporate finance advice. Daniel is currently Managing Director of DG Goldman Investments Limited, a provider of strategic advice and investment banking services; a director of several technology companies; and a director of the Shore Capital Group-managed Puma II Fund which has a bias towards technology. Daniel holds a degree in Engineering and Business Administration and studied corporate finance at the London Business School. He is a member of both the Audit and Remuneration Committees.

Mark Wells, Non-Executive Director

Mark Wells, aged 53, joined the board in July 2009 and is currently a non-executive director of Kofax Plc, non-executive Chairman of TruthTek Limited, Chairman of Cortexplus Limited and non-executive Deputy Chairman of Process Systems Enterprises Limited. He was most recently non-executive Deputy Chairman of Coda Plc until its sale in April 2008 to Unit 4 Agresso NV for £160 million, and a non-executive director of Coda's predecessor company, Codascisys plc, non-executive Chairman of Flexnlock Limited and previously Chairman and Chief Executive of Image Metrics Plc.

Bernard Fisher, Non-Executive Director

Bernard Fisher joined the board in June 2000. He has over 30 years' experience in the IT sector, both as an external advisor and in specific industry roles. Since March 2004 Bernard has been Executive International General Manager of Popkin Software and Services, which was recently sold to the Swedish firm Telelogic for $45 million. Prior to this, he provided business development advice to a range of high technology enterprises, and gained extensive experience in the management and growth of businesses throughout Europe and the US, both organically and through acquisition. Highlights of his illustrious career include being appointed as an independent non-executive director to the board of The Sage Group plc between 1989 and 1996, and representing 3i on the board of Adaytum, sold to Cognos for $160m in 2002. Bernard has also held a range of technical roles, starting with the BBC and culminating as European Technical Director for the ICL Group of companies. He is a member of both the Audit and Remuneration Committees.

Company Secretary

Alexandra Owen, Company Secretary
Alexandra Owen, aged 35 is a chartered accountant and became Company Secretary in September 2009. Alexandra joined Invu in February 2005 as Group Financial Controller.

The directors present their report together with the audited financial statements for the year ended 31 January 2010.

Principal activity
The Company is a holding company. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

Business review
A more detailed review of the Group's activities is contained within the Chairman's statement, Chief Executive's statement and the Financial review on pages 1 to 5.
Research and Development

The Group remains firmly committed to research and development to maintain its position as a market leader. During the year the Group expensed £0.3 million related to research and development (2009:£0.4 million), In addition, the Group capitalised £0.2 million (2009: £0.5 million) of qualifying development expenditure as required in accordance with IAS 38.

Results
The audited financial statements for the year ended 31 January 2010 are set out on pages 19 to 56. The Group's loss for the year after tax amounted to £4.4m (2009: £8.8m). In view of the loss the Board will not be recommending the payment of a final dividend.

Principal risks and uncertainties
The principal risks and uncertainties affecting the Group include the following:

- Economic – in common with businesses whose customers are reliant on the availability of credit to make investments in software and systems, the software sales made by the business are dependent on the strength of the economy. This risk is partially mitigated by the recurring customer support revenues from the customer base.
- Competitors – the Group has a number of competitors for its software products. To mitigate this risk, the Group continues to invest in and develop its software.
- Technology – the Group's products are based on software technologies which continue to evolve and so there is a risk of technical obsolescence which the group mitigates by continuing to invest in and developing its software and by partnering with major infrastructure suppliers.

Directors
The Directors who served during the year were as follows:

C Gallick (appointed 9 April 2009)
D Goldman
I Smith (appointed 24 August 2009)
M Wells (appointed 26 August 2009)
B Fisher
D Morgan (resigned 13 May 2009)
J C Agostini (resigned 10 July 2009)
J Halestrap (resigned 1 October 2009)
T P Maxfield (resigned 26 August 2009)

Directors' responsibilities for the financial statements
The directors are responsible for preparing the annual 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 Gand company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and company and of the profit or loss of the Group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Financial Instruments
Further information about the company's financial assets, liabilities and risks are provided in the notes to the financial statements.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Employees
The Group operates recruitment and selection procedures to attract, motivate and retain the best staff regardless of race, religion, sexual orientation, age or disability. To that end it is committed to offering equal employment opportunities. The Group encourages share ownership through a share option scheme.

The Group maintains a policy of keeping all employees fully informed about its plans and progress through regular meetings, formal presentations and electronic communication. Participation by employees in the progress and profitability of the Group is encouraged, where appropriate, through bonus schemes and the Group share option scheme. Employee development is encouraged with formal staff appraisals and training programmes.

Health, safety and environmental policies

The Group recognises and accepts its responsibilities for health, safety and the environment (HS&E) and has a dedicated team which provides advice and support in this area. The team regularly discuss the latest H,S&E issues and receive training in specific areas pertinent to the business. The team also perform internal reviews on a regular basis to ensure compliance with best practise and all relevant legislation.

As a provider of document management software, the Group is mindful of the positive impact our software (which is also used in-house) has on the environment, by drastically reducing the use of paper. Furthermore, as part of our marketing strategy, any leads provided by existing and potential end users are rewarded by the planting of trees in Africa at Invu's cost.

Supplier payment policy and practice

It is the Group's policy to agree terms and conditions with suppliers and to pay in accordance with them, provided the goods or services concerned have been supplied in accordance with those terms and conditions. Normal terms of payment are between 30 and 60 days. Trade payables at the period end amounted to 78 days (2009 – 69 days) of average supplies for the year ended 31 January 2010.

Auditors

The directors who held office at 31 January 2010 confirm that, so far as they are each aware, there is no relevant audit information of which the Group's Auditors are unaware and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to re appoint them will be proposed at the Annual General Meeting.

Key performance indicators

Key performance indicators, including the management of profitability and working capital, monitored on an on-going basis by management are discussed in the Chief Executive's statement and finance review and are set out below:

Indicator	**2010**	**2009**	**Measure**
Sales through resellers to end users £m	2.8	3.3	
Revenue £m	2.2	3.4	
Profitability ratio			
Gross margin	52.0%	69.9%	Gross profit as a percentage of turnover
EBITDA before exceptional costs and bad debts £m	(2.4)	(2.0)	Earnings before interest, tax, depreciation, amortisation, exceptional costs, loss on disposal of fixed assets and bad debt expense
Other indicators			
New installed sites	297	508	
Repeat sites	180	387	
Days sales outstanding	89	150	
InvuCare renewal rate	80%	82%	
Non-financial indicators			
Quality management	The Invu Group operates a quality policy that has been accredited to ISO 9001 for the development and sale of products for document, content and information management.		

Post balance sheet events

On 6 May 2010 the Group announced that Tyne & Wear Holdings Limited ('Tyne & Wear'), Magpie Investments Limited ('Magpie') and Cynthia Goldman had agreed new loan agreements in full settlement of their existing Loans to the Company. These loans are to be secured by a second charge on the assets of the Group, carry an interest rate of 12.5 percent per annum and are repayable on 30 June 2011.

On 10 May 2010 the Group was informed that the holders of the secured loan notes had agreed to extend the repayment date of their £500,000 loan from 31 January 2011 to 30 June 2011.

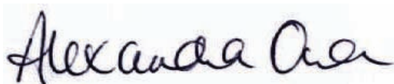
Indemnity Provisions

The company's Articles of Association provide for indemnification of directors subject to and as far as permitted by the statutes. A copy of the company's Memorandum and Articles of Association are available for inspection at the company's office and from Companies House. No qualifying third party indemnity provisions or any qualifying pension scheme indemnity provisions are in force as of the date of this report or were in force during the year ended 31 January 2010.

Annual General Meeting

The Annual General Meeting will be held at The Beren, Blisworth Hill Farm, Stoke Road, Blisworth Northants, NN7 3DB on Monday 21 June 2010 at 10.00 am. The notice of the Annual General Meeting accompanies these financial statements.

ON BEHALF OF THE BOARD



Alexandra Owen,
Secretary
14 May 2010

Statement by the directors on compliance with the Combined Code

The Company is listed on the Alternative Investment Market (AIM) and is therefore not required to comply with the provisions of the 2006 Financial Reporting Council's revised Combined Code. Nevertheless the Board is committed to ensuring that proper standards of corporate governance operate throughout the Group and has followed the principles of the Code in so far as is practicable and appropriate for the nature and size of the Group.

A statement of directors' responsibilities in respect of the financial statements is set out on page 8.

The Board

The Board, comprising two Executive directors, a non-executive Chairman and two further non-executive directors, are responsible to shareholders for the overall strategy of the Group as well as considering a formal schedule of matters reserved to it. The Board meets regularly during the year, reviewing trading performance, setting and monitoring strategy and examining major capital expenditure and acquisition opportunities. The Board is supplied in a timely manner with information in a form suitable to enable it to discharge its duties. Professional advice from independent sources is available if required. All directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter at intervals of no more than three years.

Board Committees

Audit Committee

The Audit Committee comprises all of the non-executive directors, Daniel Goldman, Mark Wells and Bernard Fisher, and the Finance Director. Executive directors are invited to attend meetings when considered appropriate. The Committee is responsible for reviewing the half year and annual financial statements prior to submission to the Board and monitoring the Group's systems of internal control. The Committee also ensures the independence and objectivity of the external auditors and also review their remuneration and the provision of non-audit services by external auditors. Taxation and legal advice are provided to the Group by independent advisors with experience in the relevant jurisdictions.

Remuneration Committee

The Remuneration Committee is chaired by Mark Wells and comprises all three of the non-executive directors. When appropriate the Committee also invites the views of the Chief Executive. The Committee makes recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and cost. It also determines the remuneration and benefits packages for the executive directors and any changes to their service contracts. The committee also reviews and approves the Company's share option schemes.

Nominations Committee

The Nominations Committee comprises the Chief Executive and the non-executive directors. It is responsible for making recommendations to the Board on all new appointments to the Board and considering and making recommendations as to the Board's composition and balance.

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. These systems of internal control can only provide reasonable, not absolute, assurance that no material loss or misstatement has occurred.

Assessment of business risk

The Group has an ongoing process for identifying, evaluating and managing business risk. Strategic risks are regularly reviewed by the Board. Risks relating to the key activities of the Group are assessed continuously and, where necessary, mitigation strategies implemented.

Control environment

The Group's operating procedures encompass a comprehensive system for providing information, both financial and non-financial, to the Board including:

- Established organisational structure with clearly defined levels of responsibility and delegation of authority;
- Clearly defined operating guidelines and procedures with authorisation limits set at appropriate limits;
- Formal accounting policies and procedures applicable to all areas of the Group;
- Annual review of internal controls;
- Budgeting and financial reporting systems involving review and approval of budgets by the Board, monthly monitoring of performance against these budgets and full variance analysis;
- Detailed operational procedures, that incorporate key controls, have been developed within the Group. These procedures take account of the implications of changes in law and regulations.

Shareholder relations

Invu is committed to open communication with all its shareholders and recognises the importance of maintaining a regular dialogue with shareholders to ensure that the Group's strategy and performance is understood. As an AIM quoted company, the directors continue to hold regular meetings with institutional shareholders to discuss and review the Group's activities, objectives and performance.

Communication with private shareholders is principally through the Annual General Meeting, where participation is encouraged and where the Board is available to answer questions. Shareholders are also encouraged to contact the Company directly and the directors undertake to reply to all such contacts either by telephone or e-mail with information that is within the public domain. To this end, the Group’s website has a specific investor relations area with access to annual reports and other information. The website also affords the opportunity for investors and potential investors to contact the Group with any queries they may have. The Group will always use its best endeavours to respond to these requests.

Price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. The report of the Remuneration Committee has been approved by the Board of Directors for submission to shareholders for approval at the Annual General Meeting.

This remuneration report is provided on a voluntary basis.

The Remuneration Committee operates within defined terms of reference and comprises the non-executive Chairman, Daniel Goldman and the other non-executive directors, Mark Wells and Bernard Fisher. When appropriate the Committee consults with the Chief Executive in respect of its proposals. The Committee is chaired by Mark Wells and meets as and when remuneration issues arise.

Remuneration policy

The policy of the Group is to ensure that executive directors are fairly rewarded for their individual contributions to the Group's overall performance and is designed to attract, motivate and retain executive directors and key staff of the right calibre. The Committee is responsible for recommendations on all elements of directors' remuneration including, in particular, basic salary, annual bonus, share options, benefits and any other incentive awards. In setting executive salaries, the Remuneration Committee considers a number of factors, such as market conditions, salaries in comparable companies in similar industries and affordability, also taking into account performance and market comparisons.

Components of Executive Directors' remuneration

Salary

Salaries are reviewed annually and adjustments made, if required, to reflect competitive pay levels, changes in responsibility and Group performance.

Bonuses

Executive directors are eligible to participate in an annual bonus programme, which is calculated by reference to appropriate targets. The bonus elements are on a sliding scale dependent upon the Executive directors achieving performance criteria set out by the Remuneration Committee. The criteria include targets for turnover and profitability. In addition to the formal bonus scheme, the Committee has the discretion to recommend the payment of ad hoc awards to reflect exceptional performance.

Share Options

Following the completion of the Group restructuring in December 2007, new share option schemes were approved, with options being granted to all directors and staff. The Company's share option schemes are set out in note 24 to the financial statements. The directors believe it is important to incentivise key management and employees generally by granting them options over shares in the Company to allow them to participate over time in any increase in value of the Group.

Pensions

Executives contribute to a defined contribution group personal pension scheme. As with all other employees, the Group will match executives' contributions up to a level of 2% of salary. The assets of this scheme are administered by trustees in a fund independent from those of the Group.

Other benefits

The Committee aims to provide an objective and independent assessment of all benefits granted to directors.

Service contracts

The service agreement of Colin Gallick can be terminated by himself or the Group or the Group provided at least twelve months notice has been given. The service agreement of Ian Smith can be terminated by the director or the Group provided at least six months notice has been given.

Non-Executive Directors' remuneration

The Board, based on a recommendation by the non-executive Chairman determines the remuneration of the non-executive directors. The non-executive directors do not currently participate in the various benefit schemes operated by the Group apart from share option schemes. All non-executive directors are engaged on letters of appointment, which set out their duties and responsibilities. Both the Company and the non-executive directors are required to give one months notice of termination.

Share price information

The mid-market price of the ordinary shares was 0.85p at 31 January 2010. The market price of of the ordinary shares from 1 February 2009 to 31 January 2010 ranged from a low of 0.85p to a high of 4p.

Directors' remuneration

The remuneration of the directors is as follows:

	Salaries and fees £'000	Bonus £'000	Benefits in kind £'000	Loss of office £'000	Total **2010 £'000**	Total 2009 £'000
Colin Gallick	97	81	13	-	**191**	-
David Morgan	22	-	4	143	**169**	126
Ian Smith	44	12	4	-	**60**	-
John Agostini	46	8	7	119	**180**	108
Jon Halestrap	52	27	8	83	**170**	107
Daniel Goldman	8	-	-	-	**8**	15
Bernard Fisher	69	-	-	-	**69**	81
Mark Wells	20	-	-	-	**20**	-
Tom Maxfield	-	-	-	-	**-**	15
	358	128	36	345	**867**	452

Pension contributions were

	2010 £'000	2009 £'000
Colin Gallick	**5**	-
David Morgan	**1**	2
John Agostini	**1**	2
Jon Halestrap	**1**	2
	8	6

The remuneration above includes compensation for loss of office paid to D Morgan, J Agostini and J Halestrap which has been included in exceptional expenses.

The salary paid to D Fisher includes salary paid as an interim Chief Executive Officer as well as non-executive fees.

During the year the following directors held options. By the end of the year the options held by D Morgan, J Agostini and J Halestrap had lapsed.

Share options

	Granted	Number of options	Exercise price	Exercise period
David Morgan	6 Dec 07	932,018	28.5p	6 Dec 07 to 6 Dec 17
John Agostini	6 Dec 07	727,412	28.5p	6 Dec 07 to 6 Dec 17
Jon Halestrap	6 Dec 07	727,412	28.5p	6 Dec 07 to 6 Dec 17
Daniel Goldman	6 Dec 07	150,000	28.5p	6 Dec 07 to 6 Dec 17
Tom Maxfield	6 Dec 07	50,000	28.5p	6 Dec 07 to 6 Dec 17
Bernard Fisher	6 Dec 07	50,000	28.5p	6 Dec 07 to 6 Dec 17

Report of the Independent Auditors

TO THE MEMBERS OF INVU PLC

We have audited the financial statements of Invu Plc for the year ended 31 January 2010 which comprise the consolidated income statement, the statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated and parent company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2010 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Group's ability to continue as a going concern. The matters explained in note 2 to the financial statements relating to refinancing its borrowings, in addition to the reliance on the Group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities and continue in operational existence, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 14 May 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement – For the year ended 31 January 2010

	Notes	2010 £'000	2009 £'000 (Restated, Note 5)
Revenue	4	**2,198**	3,362
Cost of sales		**(1,054)**	(1,011)
Gross profit		**1,144**	2,351
Administration expenses		**(4,290)**	(4,910)
Exceptional items	5	**(1,213)**	-
Bad debts written off		**-**	(7,038)
Total administration expenses		**(5,503)**	(11,948)
Loss from operations	5	**(4,359)**	(9,597)
Finance income	7	**-**	21
Finance costs	8	**(136)**	(13)
Loss before income tax		**(4,495)**	(9,589)
Income tax credit	9	**51**	762
Loss for the year		**(4,444)**	(8,827)
Attributable to:			
Equity holders of the Company		**(4,444)**	(8,827)
Earnings per share			
Basic (pence per share)	10	**(3.24)**	(7.89)
Diluted (pence per share)	10	**(3.24)**	(7.89)

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Statement of Comprehensive Income – For the year ended 31 January 2010

Group

	Notes	2010 £'000	2009 £'000
Loss for the year	4	**(4,444)**	(8,827)
Other comprehensive income			
Exchange differences on translating foreign operations		**(1)**	125
Other comprehensive income for the year (net of tax)		**(1)**	125
Total comprehensive income for the year		**(4,445)**	(8,702)
Attributable to:			
Equity holders of the Company		**(4,445)**	(8,702)

The Company did not have any other income or expense other than the loss for the year.

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet – As at 31 January 2010

Company number 06283181	Notes	2010 £'000	2009 £'000
Non-current assets			
Intangible assets	11	**351**	951
Property, plant and equipment	12	**160**	377
Deferred tax asset	21	**64**	244
		575	1,572
Current assets			
Inventories	14	**17**	184
Trade and other receivables	15	**791**	2,098
Cash and cash equivalents	16	**488**	-
		1,296	2,282
Total assets		**1,871**	3,854
Current liabilities			
Trade and other payables	17	**1,991**	2,601
Borrowings	18	**2,595**	642
Obligations under finance leases	19	**20**	31
		4,606	3,274
Net current liabilities		**(3,310)**	(992)
Non-current liabilities			
Borrowings	18	**98**	-
Obligations under finance leases	19	**11**	32
Deferred tax	21	**64**	244
		173	276
Total liabilities		**4,779**	3,550
Net (liabilities)/assets		**(2,908)**	304
Equity			
Share capital	22	**1,635**	1,135
Convertible loan notes	18	**375**	-
Shares to be issued	22	**29**	29
Share premium	23	**412**	-
Merger reserve	23	**29,260**	29,260
Share option reserve	23	**229**	283
Reverse acquisition reserve	23	**(20,570)**	(20,570)
Retained earnings		**(14,341)**	(9,897)
Foreign currency translation reserve	23	**63**	64
Total (deficit)/equity		**(2,908)**	304
Attributable to:			
Equity holders of the Company		**(2,908)**	304

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements. The financial statements were authorised and approved for issue by the Board of Directors on 14 May 2010 and were signed on its behalf.

C Gallick, Director **I Smith, Director**

Company Balance Sheet – As at 31 January 2010

Company number 06283181

	Notes	2010 £'000	2009 £'000
Non-current assets			
Investments	13	**4,729**	8,007
		4,729	8,007
Current assets			
Trade and other debtors	15	**10**	-
Cash and cash equivalents	16	**400**	-
		410	-
Total assets		**5,139**	8,007
Current liabilities			
Trade and other payables	17	**667**	1,242
Borrowings	18	**2,595**	-
		3,262	1,242
Net current liabilities		**2,852**	1,242
Non-current liabilities			
Borrowings	18	**98**	-
		98	-
Total liabilities		**3,360**	1,242
Net assets		**1,779**	6,765
Equity			
Share capital	22	**1,635**	1,135
Convertible loan notes	18	**375**	-
Shares to be issued	23	**29**	29
Share premium	23	**412**	-
Merger reserve	23	**29,260**	29,260
Share option reserve	23	**229**	283
Retained earnings		**(30,161)**	(23,942)
Total equity		**1,779**	6,765
Attributable to:			
Equity holders of the Company		**1,779**	6,765

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 14 May 2010 and were signed on its behalf.

C Gallick, Director

I Smith, Director

Consolidated Statement of Changes in Equity – For the year ended 31 January 2010

	Share Capital £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Share option reserve £'000	Retained earnings £'000	Convertible loan notes £'000	Translation reserve £'000	Total £'000
At 1 February 2008	1,068	1,466	-	27,539	(20,570)	315	(1,070)	-	(61)	8,687
Total comprehensive income	-	-	-	-	-	-	(8,827)	-	125	(8,702)
Movement on share option reserve	-	-	-	-	-	(32)	-	-	-	(32)
Issue of shares	67	(1,437)	-	1,721	-	-	-	-	-	351
At 31 January 2009	1,135	29	-	29,260	(20,570)	283	(9,897)	-	64	304

	Share Capital £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Share option reserve £'000	Retained earnings £'000	Convertible loan notes £'000	Translation reserve £'000	Total £'000
At 1 February 2009	1,135	29	-	29,260	(20,570)	283	(9,897)	-	64	304
Total comprehensive income	-	-	-	-	-	-	(4,444)	-	(1)	(4,445)
Movement on share option reserve	-	-	-	-	-	(54)	-	-	-	(54)
Issue of loan notes	-	-	-	-	-	-	-	375	-	375
Issue of shares	500	-	412	-	-	-	-	-	-	912
At 31 January 2010	**1,635**	**29**	**412**	**29,260**	**(20,570)**	**229**	**(14,341)**	**375**	**63**	**(2,908)**

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity – For the year ended 31 January 2010

	Share Capital £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Convertible loan notes £'000	Total £'000
At 1 February 2008	1,068	1,466	-	27,539	315	(351)	-	30,037
Total comprehensive income	-	-	-	-	-	(23,591)	-	(23,591)
Movement on share option reserve	-	-	-	-	(32)	-	-	(32)
Issue of shares	67	(1,437)	-	1,721	-	-	-	351
At 31 January 2009	1,135	29	-	29,260	283	(23,942)	-	6,765

	Share Capital £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Convertible loan notes £'000	Total £'000
At 1 February 2009	1,135	29	-	29,260	283	(23,942)	-	6,765
Total comprehensive income	-	-	-	-	-	(6,219)	-	(6,219)
Movement on share option reserve	-	-	-	-	(54)	-	-	(54)
Issue of loan notes	-	-	-	-	-	-	375	375
Issue of shares	500	-	412		-	-	-	912
At 31 January 2010	**1,635**	**29**	**412**	**29,260**	**229**	**(30,161)**	**375**	**1,779**

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement – For the year ended 31 January 2010

	Notes	2010 £'000	2009 £'000
Net cash flows from operating activities	25	**(2,710)**	(2,388)
Taxation		**231**	(200)
Interest received		**-**	21
Purchases of property, plant and equipment		**(17)**	(35)
Sales of property, plant and equipment		**-**	-
Expenditure on internally developed intangible assets		**(204)**	(543)
Net cash used in investing activities		**(221)**	(557)
Financing activities			
Net proceeds from the issue of shares		**912**	-
Proceeds from issue of convertible loan notes		**500**	-
Proceeds from borrowings		**2,500**	-
Interest paid		**(50)**	(13)
Repayment to shareholders		**-**	-
Repayment of obligations under finance leases		**(32)**	(53)
Net cash flow from financing activities		**3,830**	(66)
Net increase/(decrease) in cash and cash equivalents		**1,130**	(3,211)
Cash and cash equivalents at the beginning of the year		**(642)**	2,569
Cash and cash equivalents at the end of the year	16	**488**	(642)

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Company Cash Flow Statement – For the year ended 31 January 2010

	Notes	2010 £'000	2009 £'000
Net cash flows from operating activities	25	**(3,497)**	(567)
Investing activities			
Purchase of subsidiary		**-**	(136)
Net cash used in investing activities		**-**	(136)
Financing activities			
Net proceeds from the issue of shares		**912**	-
Equity proceeds from issue of convertible loan notes		**500**	-
Borrowings		**2,500**	-
Interest paid		**(15)**	-
Net cash flow from financing activities		**3,897**	-
Net increase/(decrease) in cash and cash equivalents		**400**	(703)
Cash and cash equivalents at the beginning of the year		-	703
Cash and cash equivalents at the end of the year		**400**	**-**

The accompanying accounting policies and notes on pages 27 to 56 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Invu Plc is a Company incorporated in England and Wales. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

These financial statements are presented in United Kingdom pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) published by the International Accounting Standards Board (IASB), as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial statements have been prepared on the going concern basis. The principal accounting policies adopted are set out below and have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
The Company has elected to take the exemption under s408 of the Companies Act 2006 to not present the parent company income statement.

Basis of consolidation
On 6 December 2007 the Company, Invu Plc, became the legal parent Company of Invu Inc in a share-for-share transaction. Due to the relative values of the companies, the former Invu Inc shareholders became the majority shareholders of Invu Plc. Further, the Group's continuing operations and executive management were those of Invu Inc. Accordingly, the substance of the combination was that Invu Inc acquired Invu Plc in a reverse acquisition.

Under IFRS 3, "Business Combinations", the acquisition of Invu Inc by Invu Plc has been accounted for as a reverse acquisition. However, the consolidated financial statements have been prepared in the name of the legal parent, Invu Plc.

Other than the reverse acquisition by Invu Inc as described above, the consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

During the year the balance sheet has been weakened by significant losses which have been funded by borrowings. After the balance sheet date all borrowings shown as due within one year have been extended to a maturity date of 30 June 2011.

Management has prepared group cash flow projections for the period through to 31 July 2011. These projections indicate that the Group will be required to either extend the repayment date of these borrowings beyond June 2011 or raise additional funds to repay them by 30 June 2011.

At the date of approval of these financial statements, there are two areas of significant uncertainty which the Directors have considered in reaching their conclusion:

- the appropriateness of the going concern basis is reliant on the Group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities; and

- the appropriateness of the going concern basis is reliant on the Group successfully concluding a refinancing of its borrowings by 30 June 2011.

Level of Sales

The directors are positive about the direction, focus and momentum of the business and cash flow forecasts indicate that the Group's resources, assuming appropriate arrangements concerning borrowings below, provide it with adequate funding to support its activities for the foreseeable future. However, having completed certain sensitivity analysis on the forecasts, it is evident that should the level of revenue fall short of expectations, the company may need to arrange additional finance. While the directors are confident that they would be able to obtain the necessary financial support, there are no binding agreements in place.

Borrowings

The Group has to date been able to extend its borrowings and the directors are confident that, even though no formal commitments are in place, the Group will be able to extend its borrowings or find alternative finance before existing borrowings fall due.

These two conditions indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. Nevertheless after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT and trade discounts.

Revenues from the sale of licenses of software products to resellers are recognised upon shipment of the licensed product provided the licensed software product is to be deployed to a named end user and that fees are fixed, collectability is probable and the Group has no significant obligations remaining under the sale agreement.

Where resellers are charged an accreditation fee each year for training and consulting to be provided by the Group to the resellers and this fee is recognised evenly over each accreditation period.

The Group's resellers provide primary maintenance and ongoing support to the end users. The Group provides secondary support to the end users via the resellers and charges the reseller an annual fee for this support. The fees charged by the Group to the resellers are recognised over a twelve month period. Where the end user no longer has an accredited reseller, support fees are charged by the Group to the end user and recognised over a twelve month period.

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Any goodwill arising on acquisitions before the date transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	- 25% per annum
Motor vehicles	- 25% per annum
Fixtures, fittings & equipment	- 25% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible: and
- sufficient resources are available to complete the development and to either sell or use the asset.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Amortisation begins when the asset is available for use and is charged to administration expenses in the income statement.

The useful economic lives of internally-generated intangible assets are considered by the directors to be a period of 3 years.

Computer software, software rights and licenses
Acquired computer software and software licenses are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of 4 years on a straight line basis and charged to administration expenses in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the net book amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments
Investments in subsidiary undertakings are included at cost less impairment charges in the Company's financial statements.

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

Assets held under finance leases are recognised as assets of the company at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Inventories
Inventories and work in progress are stated at the lower of cost and net realisable value on a first in first out basis. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Provision for write-downs to net realisable value and losses of inventories are recognised as an expense in the year in which the write-down or loss occurs. Reversals are recognised as a reduction in the amount previously recognised as an expense in the year in which the reversal occurs.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial Instruments

(a) Financial Assets

The Group's financial assets fall into the category of loans and receivables. The Group does not have any financial assets in the categories of fair value through profit and loss or available for sale. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying values of the Group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services (e.g. trade receivables) but also include cash and cash equivalents and other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties, default or significant delay in payment on the part of the counter-party) that the Group will be unable to collect all the amounts due under the terms of the receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(b) Financial Liabilities

The Group classifies its financial liabilities in the category of financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss. Unless otherwise indicated, the carrying values of the Group's financial liabilities are a reasonable approximation of their fair values.
Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

- Bank and other borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the acquisition of the instrument. Such interest-bearing liabilities are subse quently measured at amortised cost using the effective interest rate method, which ensures that the interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.

- The liability component of convertible loan notes computed based on the interest payable over the life of the loan note discounted cash flow using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. The residual amount has been classified as equity.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies
The financial information is presented in UK £ Sterling which is the functional currency of the legal parent company.

Monetary assets and liabilities denominated in foreign currencies in each company are translated at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated at the rate prevailing at the date of transaction.

On consolidation, revenues, costs and cash flows are included in the Group income statement and cash flows at the actual rate or the average rate of exchange for the year if it approximates to the actual rate. Assets and liabilities denominated in foreign currencies are translated into UK £ Sterling using rates of exchange ruling at the balance sheet date.

Exchange differences on the re-translation of opening net assets and results for the year of foreign subsidiary undertakings are recognised in the foreign currency translation reserve net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the consolidated income statement.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 February 2009

The following new standards, interpretations and amendments, applied for the first time from 1 February 2009, have had an effect on the financial statements:

- IFRS 8 – Operating Segments

  IFRS 8 is a disclosure standard only; there has been no effect on the reported results or previous financial position of the Group. The Group's reportable segments as reported under IAS 14 have remained unchanged following the adoption of this standard.

- IAS 1 (revised 2007) – Presentation of Financial Statements

  The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclsure. There has been no effect on the reported results or previous financial position of the Group.

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

- Revised IFRS 3 Business Combinations, mandatory effective date: 1 July 2009

  The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. It also includes much of the current guidance for the identification and recognition of intangible assets separately from

2. PRINCIPAL ACCOUNTING POLICIES (continued)

goodwill. However, in some respects the revised standard may result in significant changes, including: The requirement to write off all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognise an intangible asset even if it cannot be reliably measured; and, an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed 'non-controlling interests'). The revised standard does not require the restatement of previous business combinations. IFRS 3(R) must be adopted at the same time as the Amendment to IAS 27.

- Amendments to IAS 27 Consolidated and Separate Financial Statements, mandatory effective date: 1 July 2009

  This Amendment affects in particular the acquisition of subsidiaries achieved in stages and disposals of interests, with differences in the accounting depending on whether or not control is obtained as a result of the transaction, or where a transaction results only in a change in the percentage of a controlling interest. The Amendment does not require the restatement of previous transactions. The Amendment to IAS 27 must be adopted at the same time as IFRS 3(R).

- Revised IAS 24 Related Party Disclosures, mandatory effective date: 1 January 2011

  The structure of definition of a related party has been simplified and inconsistencies eliminated. Illustrative examples have also been added. The revised definition will mean that some entities will have more related parties for which disclosures will be required.

- IFRS 9 Financial Instruments, mandatory effective date: 1 January 2013

  IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components: Classification and measurement; impairment; and, hedge accounting. As each phase is completed, it will delete the relevant portions of IAS 39 and create new chapters in IFRS 9.

- Amendment to IFRS 3 (Revised 2008) 'Business combinations' including:

  Limiting the choice to measure non-controlling interests at a proportionate share in recognised amounts of the acquiree's identified net assets to present ownership interests with other components of the non-controlling interest being measured at fair value.

- Amendment to IFRS 7 'Financial instruments: Disclosures' including:

  Clarification that an entity should provide qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments.

- Amendment to IAS 1 (Revised 2007) 'Presentation of financial statements':

  Clarifying that the analysis of components of other comprehensive income in the statement of changes in equity may be presented in a note.

- Amendment to IAS 34 'Interim financial reporting':

  Clarifying the disclosures required in respect of significant events and transactions during the period.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about net book amounts of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Material estimates and assumptions are made in particular with regard to share based payments (note 24), bad debt provisions (note 15), the amortisation period for intangible assets and impairment reviews (note 11).

3. FINANCIAL RISKS

3.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's and Company's overall risk management programme seeks to minimise potential adverse affects on the Group's and Company's financial performance.

(a) Market risk

i. Foreign exchange risk

Transactions in foreign currency
The Group is exposed to foreign exchange risks arising from the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. To mitigate this risk the Group holds cash in Euro denominated accounts both in the UK and overseas.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through inter-group borrowings denominated in the relevant foreign currencies.

Foreign currency assets and liabilities

Minimal foreign currency assets and liabilities are held and would therefore have no material effect on net assets

ii. Fair value interest rate risk and cash flow interest rate risk

The Group has significant interest-bearing liabilities. The Group's profit and cash flows are therefore dependent of changes in market interest rates. The Group has mitigated this risk by entering into fixed interest borrowing arrangements. After the balance sheet date the group extended its fixed interest borrowings until 30 June 2011.

3. FINANCIAL RISKS (continued)

(b) Credit risk

Credit risk is managed on a Group basis as treasury function is centralised. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The management of the Group reviews debtors weekly on an individual account basis; provision for any potential bad debts is made on a monthly basis. The effect of foreign exchange movement on the debtors balance is minimal as each trading company invoices in the currency of the country in which it trades, funds are remitted in the same currency.

A more detailed review of the aging of trade receivables is provided in note 15 to the financial statements.

(c) Liquidity risk

The Group is reliant on achieving its sales forecast and renewal of its borrowing facilities as described in Note 2 under going concern.

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in the operating companies of the Group in accordance with recommended accounting practice and limits set by the Group.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external requirements; and maintaining debt financing plans.

3.2 Capital risk management

The Group considers its capital to comprise its equity and borrowings. As at the balance sheet date the Group had negative equity and was reliant on its borrowings to fund the business.

The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, taking on new debt, or sell assets to reduce debt.

4. SEGMENTAL ANALYSIS

The Group has one operating segment, the design, sale and support of computer software for the electronic management of information and documents.

The segment results are as follows:

	2010	2009
	£'000	£'000
Sales through resellers to end users	**2,835**	3,286
Net effect of stock deployed	**(637)**	76
Revenue	**2,198**	3,362
Loss before income tax	**(4,495)**	(9,589)
Loss for the period	**(4,444)**	(8,827)

Included in revenue above are £0.05 million (2009 £1 million) related to sales in Europe. All other revenue relates to the UK.

Include in revenue above are sales of software and related services £0.4 million (2009: £1.8 million). The remaining revenue comprised software maintenance contracts £1.8 million (2009: £1.6 million).

All non-current assets and liabilities are held within the UK.

The Group had one reseller who was responsible for 24 percent (last year 18%) of the Group's sales through resellers to end users. No other reseller was responsible for more than ten percent of the Group's sales through resellers to end users.

5. LOSS FROM OPERATIONS

The loss from operations has been arrived at after charging/(crediting) the following amounts:

	2010 **£'000**	2009 £'000
Research and development expenditure	**291**	408
Depreciation of property, plant and equipment	**166**	151
Loss on disposal of tangible non-current assets	**68**	7
Loss on disposal of intangible non-current assets	**377**	-
Amortisation of intangible assets	**427**	435
Auditors' remuneration:		
Audit services	**13**	35
Audit of subsidiary undertakings	**71**	25
Share option credit	**(54)**	(32)
Loss on foreign exchange	**2**	2
Operating leases - land and buildings	**165**	308
- other	**4**	4

Exceptional items

The Group incurred certain costs during the financial year arising from the Group's reorganisation. These included:

	2010 **£'000**	2009 £'000
Costs related to changes in executive management	**611**	-
Disposal of intangible asset related to Ergo	**291**	-
Other costs related to the Ergo product	**29**	-
Staff redundancy costs	**204**	-
Costs related to facility closures	**78**	-
	1,213	**-**

Restatement of prior year

The Consolidated Income Statement for 2009 has been marked as restated because the cost of sales has been restated to include £721k of direct costs of sales for services which was previously included in administrative expenses. Additionally the line previously disclosed as distribution costs (£416k) has been removed with the offsetting amount included in administrative expenses.

The restatement does not have any impact on the profit or the net assets for either of the periods nor the balance sheet at the beginning of the comparative period. Therefore it is considered appropriate not to present a balance sheet at the beginning of the comparative period.

6. STAFF COSTS

Staff costs during the year amounted to:	**2010** **£'000**	2009 £'000
Wages and salaries	**1,678**	2,689
Social security	**266**	299
Other pension costs	**30**	28
Share option (credit)/costs	**(54)**	(32)
	1,920	2,984

6. STAFF COSTS (continued)

The average number of people employed by the Group (including directors) during the year was 53 (2009: 65), there were no employees in the company for the current and prior year. At 31 January 2010 there were no outstanding contributions (2009 £nil).The Company provided no post-retirement benefits to its employees.

Included within staff costs are directors emoluments amounting to:	**2010** **£'000**	2009 £'000
Remuneration	**867**	452
Pension contributions	**8**	6
Total emoluments	**875**	458
Share option (credits)/costs	**(40)**	(18)
Key management personnel remuneration	**835**	440

During the year 4 (2009: 3) directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options (2009: nil).

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2010 **£'000**	2009 £000
Emoluments	**196**	126

7. FINANCE INCOME

	2010 **£'000**	2009 £'000
Interest on bank deposits	**-**	21

8. FINANCE COSTS

	2010 **£'000**	2009 £'000
Finance leases	**5**	6
Other interest payable	**131**	7
	136	13

9. TAXATION

	2010 £'000	2009 £'000
Current taxation		
- Adjustment in respect of prior years	**(16)**	(796)
- Current tax credit	**(35)**	-
Deferred taxation		
- Current year charge	**-**	34
Total tax credit	**(51)**	(762)

The tax rate used for the reconciliations below is the corporate tax rate of 28% payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction, the effective rate of taxation used for the calculation of the deferred taxation being 28%.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2010 £'000	2009 £'000
Loss before taxation	**(4,495)**	(9,589)
Profit multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**(1,259)**	(2,685)
Tax effect of:		
Expenses not deductable	**4**	13
Unrecognised losses utilised in the year	**-**	(12)
Enhanced relief on research and development	**(30)**	(60)
Tax effect of share options	**(15)**	(9)
Fixed asset temporary differences	**218**	8
Unutilised losses carried forward	**995**	1,949
Losses surrendered for tax credit	**71**	-
Research and development tax credit	**(35)**	-
Deferred tax movement	**-**	34
Total tax (credit)/charge for the year	**(51)**	(762)

10. EARNINGS PER SHARE

	2010 £'000	2009 £'000
Basic earnings per share		
(Loss)/profit for the financial year	**(4,444)**	(8,827)

	2010 Number	2009 Number
Weighted average number of common shares in issue during the year	**137,034,306**	111,899,731
Basic earnings per share	**(3.24)p**	(7.89)p
Diluted earnings per share	**(3.24)p**	(7.89)p

The basic earnings per share is based on the loss after taxation of £4,444,000 (2009: loss of £8,827,000) and on the weighted average number of shares in issue during the year of 137,034,306 (2009: 111,899,731).

In accordance with IAS 33 and IFRS 3, there is no difference calculated between the basic and diluted earnings per share figures on the basis of the average market value and exercise prices prevailing during the period.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill	Development costs	Computer software	Software rights and licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 February 2008	828	916	201	100	2,045
Additions	-	478	73	-	551
Disposals	-	-	-	-	-
At 31 January 2009	828	1,394	274	100	2,596
At 1 February 2009	828	1,394	274	100	2,596
Additions	-	202	2	-	204
Disposals	(828)	(653)	(70)	(100)	(1,651)
At 31 January 2010	**-**	**943**	**206**	**-**	**1,149**
Amortisation					
At 1 February 2008	828	174	108	100	1,210
Charge for the year	-	363	72	-	435
Elimination on disposal	-	-	-	-	-
At 31 January 2009	828	537	180	100	1,645
At 1 February 2009	**828**	**537**	**180**	**100**	**1,645**
Charge for the year	-	389	38	-	427
Elimination on disposal	(828)	(279)	(67)	(100)	(1,274)
At 31 January 2010	**-**	**647**	**151**	**-**	**798**
Net book amount					
At 31 January 2008	-	742	93	-	835
At 31 January 2009	-	857	94	-	951
At 31 January 2010	**-**	**296**	**55**	**-**	**351**

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The goodwill on consolidation is related to the acquisition of Invu Netherlands B.V. (formerly Corsham Holding B.V.), which is considered to be a cash generating unit. The Goodwill had been fully amortised by the beginning of the year and has been written off.

Internally generated intangible assets are capitalised when the criteria are met as defined in note 2, Principal Accounting Policies.

Other intangibles include patents acquired which meet the definition of an intangible asset. These are included within software rights and licenses. Software rights and licences had been fully amortised at the beginning of the year and have been written off.

The parent, Invu Plc, entity does not hold any intangible fixed assets.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Computer equipment £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 February 2008	604	75	241	920
Additions	29	32	6	67
Disposals	-	(24)	-	(24)
At 31 January 2009	**633**	**83**	**247**	**963**
At 1 February 2009	633	83	247	963
Additions	14	-	3	17
Disposals	(333)	(26)	(96)	(455)
At 31 January 2010	**314**	**57**	**154**	**525**
Depreciation				
At 1 February 2008	282	45	125	452
Charge for the year	93	13	45	151
Disposals	-	(17)	-	(17)
At 31 January 2009	**375**	**41**	**170**	**586**
At 1 February 2009	375	41	170	586
Charge for the year	111	14	41	166
Disposals	(273)	(26)	(88)	(387)
At 31 January 2010	**213**	**29**	**123**	**365**
Net book amount				
At 31 January 2008	322	30	116	468
At 31 January 2009	258	42	77	377
At 31 January 2010	**101**	**28**	**31**	**160**

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

Property, plant and equipment includes assets held under hire purchase finance lease with a net book amount of £49,294. Depreciation amounting to £37,337 has been charged to the income statement during the year.

The parent, Invu Plc, entity does not hold any property, plant and equipment.

13. INVESTMENTS

Company

Cost	**Shares in Group undertakings £'000**	**Capital contribution to subsidiaries £'000**	**Total £'000**
At 1 February 2008 and 31 January 2009 and 2010	30,899	315	31,214
Provisions			
At 1 February 2008	-	-	-
Provision against investments	(23,175)	-	(23,175)
Cancelled share options	-	(32)	(32)
At 31 January 2009	(23,175)	(32)	(23,207)
At 1 February 2009	(23,175)	(32)	(23,207)
Provision against investments	(3,224)	-	(3,224)
Cancelled share options	-	(54)	(54)
At 31 January 2010	**(26,399)**	**(86)**	**(26,485)**
Net book value of investments			
At 31 January 2008	30,899	315	31,214
At 31 January 2009	7,724	283	8,007
At 31 January 2010	**4,500**	**229**	**4,729**

The provisions against investments and the current and prior year were as a result of the Company's loss making subsidiaries.

Consequently, the values of investments were written down to the Directors best estimate of its fair value less costs to sell.

13. INVESTMENTS (continued)

Name of subsidiary	Country of registration or incorporation	Shares held and voting power held by the Company	Shares held and voting power held by the Group	Principal activity
Invu 2007 Limited	England & Wales	100% ordinary shares	-	Software and related services, design and sales
Montague Limited	Isle of Man	100% ordinary shares	-	Software and related services, design and sales
Invu Inc [1]	United States	-	100% ordinary shares	Intermediate holding company
Invu (UK) plc [2]	England & Wales	-	100% ordinary shares	Intermediate holding company
Invu Services Limited [3]	England & Wales	-	100% ordinary shares	Software and related services, design and sales
Invu International Holdings Limited [3]	England & Wales	-	100% ordinary shares	Holds intellectual property rights
Invu Netherlands B.V. [4]	The Netherlands	-	100% ordinary shares	Software and related services and sales

1 Held via Invu 2007 Limited
2 Held via Invu inc.
3 Held via Invu (UK) plc
4 Held via Invu International Holdings Limited

All investments are held directly unless otherwise stated.

All principal subsidiary undertakings operate in their country of incorporation. The Group consolidates its subsidiary activities. The accounting year-end of the subsidiary undertakings consolidated in these financial statements on 31 January 2010.

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 2006.

14. INVENTORIES

	Group 2010 £'000	Group 2009 £'000
Finished goods (Software licences and related media)	**17**	184

15. TRADE AND OTHER RECEIVABLES

Current	**Group 2010 £'000**	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Trade receivables	**695**	1,014	**-**	-
Prepayments	**96**	345	**10**	-
VAT recoverable	**-**	739	**-**	-
	791	2,098	**10**	-

All amounts above are due within one year.

Of the above amounts, only trade receivables are classified as financial assets, which was the same in the prior year.

Included in the Group's trade receivable balance are debtors with a carrying amount of £166,000 (2009: £462,000) which are past due at the reporting date. The average age of these receivables is 82 days (2009: 150 days).

Aging of past due but not impaired receivables	**Group 2010 £'000**	Group 2009 £'000
30-60 days	**90**	45
60-90 days	**33**	49
90+ days	**43**	368
	166	462

Movement in bad debt provision

	Group 2010 £'000	Group 2009 £'000
At 1 February 2009	**7,733**	695
Amounts charged to Income Statement	**17**	7,038
Amounts written off	**(3,710)**	-
At 31 January 2010	**4,040**	7,733

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Provisions against debtors has been made where there is no reasonable prospect of the amount due being recovered.

16. CASH AND CASH EQUIVALENTS

	Group 2010 £'000	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Cash at bank and in hand	**488**	-	**400**	-
Bank overdraft (note 18)	**-**	(642)	**-**	-
Cash and cash equivalents per the cash flow statement	**488**	(642)	**-**	-

17. TRADE AND OTHER PAYABLES

Current	**Group 2010 £'000**	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Trade payables	**358**	444	**74**	12
Other payables	**70**	526	**49**	48
Other taxation and social security	**106**	259	**-**	-
Accruals and deferred income	**1,457**	1,372	**43**	-
Amounts owed to Group undertakings	**-**	-	**501**	1,182
	1,991	2,601	**667**	1,242

All amounts above are payable within one year.

Of the above, £921,000 (2009: £1,141,000) relates to Group financial liabilities, and in the Company £166,000 (2009: £60,000) related to financial liabilities as referred to in note 2 and included in note 20.

The Directors consider that the net book amount of trade payables approximates to their fair value. All amounts included in trade and other payables are non-interest bearing and are not secured on the assets of the Group.

18. BORROWINGS

Current	**Group 2010 £'000**	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Bank overdraft	**-**	642	**-**	-
Loan notes due 1 May 2010.	**2,060**	-	**2,060**	-
Loan notes due 31 January 2011.	**500**	-	**500**	-
Current portion of convertible loan notes	**35**	-	**35**	-
	2,595	642	**2,595**	-
Borrowings with a maturity greater than one year	**98**	-	**98**	-

The loan notes due for repayment 1 May 2010 comprise unsecured loan notes carrying an interest charge of 12.5%.

The loan notes due for repayment 31 January 2011 comprise secured loan notes carry an interest charge of 8%.

The repayment dates of all the above loans have, since the year end, been extended to 30 June 2011.

Borrowings with a maturity of more than one year comprise the financial liability element of convertible loan notes that have been accounted for as a compound financial instrument. The convertible loan notes are unsecured and carry interest at a rate of 7% per annum and can be converted into equity by the holders at 2.5p per ordinary share from their third anniversary. The equity element is shown in equity as £375,000 (2009: £nil).

19. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of minimum lease payments**	
Amounts payable under finance leases:	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Within one year	**21**	36	**17**	31
Between one and five years	**17**	34	**14**	32
	38	70	**31**	63
Less future finance charges	**(7)**	(7)		
Present value of lease obligations	**31**	63		
Analysed as:				
Current finance lease liabilities	**20**	31	**20**	31
Non-current finance lease liabilities	**11**	32	**11**	32

Amounts due under finance leases are secured on the assets to which they relate.

20. FINANCIAL ASSETS AND LIABILITIES

The disclosures detailed below are required by IFRS 7 Financial Instruments: Disclosures. The carrying amounts presented on the Balance Sheet relate to the following categories of assets and liabilities.

Financial assets	**Group 2010 £'000**	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Loans and receivables:				
Trade and other receivables	**695**	1,014	**-**	-
Cash and cash equivalents	**488**	-	**400**	-
detail	**1,183**	1,014	**400**	-

Financial Liabilities	**Group 2010 £'000**	Group 2009 £'000	**Company 2010 £'000**	Company 2009 £'000
Borrowings short term	**(2,595)**	(642)	**(2,595)**	-
Borrowings long term	**(98)**	-	**(98)**	-
Trade and other payables	**(921)**	(1,141)	**(166)**	(60)
	(3,614)	(1,783)	**(2,859)**	(60)

The Directors consider that the net book amount of the financial assets and liabilities approximates to their fair value.

21. DEFERRED TAXATION

Group

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

Deferred tax assets

	Losses £'000
At 1 February 2009	244
Income Statement charge	(180)
At 31 January 2010	**64**

Deferred tax liabilities Accelerated	Accelerated Capital Allowances £'000
At 1 February 2009	244
Income statement (credit)	(180)
At 31 January 2010	**64**

At the balance sheet date, the Group has unused tax losses, as below, available for offset against future profits in the respective countries. Deferred tax assets were only recognised in the year to the extent that there was an equivalent deferred tax liability

Country	**Unrelieved tax losses 2010 £'000**	Unrelieved tax losses 2009 £'000
UK	**12,658**	8,936
US	**997**	1,641
Netherlands	**444**	894
	14,099	11,471

22. SHARE CAPITAL AND PREMIUM

Group and Company	2010	2009
Authorised:	**£'000**	£'000
250,000,000 ordinary shares, £0.01 ordinary shares	2,500	2,500
	2,500	2,500

	2010	2009
	£'000	£'000
Allotted and fully paid:		
113,472,662 ordinary shares, £0.01 ordinary shares	**-**	1,135
163,472,662 ordinary shares, £0.01 ordinary shares	**1,635**	-
	1,635	1,135

During the year the Group issued the following £0.01 ordinary shares for consideration of £0.02.

Date of issue	Number of shares issued	Consideration £
13 August 2009	50,000,000	1,000,000
	50,000,000	**1,000,000**

Shares to be issued

Shares to be issued in the current and prior year relate to a commitment to issue 111,405 £0.01 ordinary shares at a price of £0.2626 per share which will give a merger reserve under s612 of the Companies Act 2006 of £29,255 which is the remaining amount of share to be issued as a result of the reorganisation of the Group in 2007. The Directors have reflected this amount within share capital and reserves as the company was committed to this issue at the year end.

23. RESERVES

The Share Capital reserve relates to the nominal amount of issued ordinary shares.

The Share Premium reserve related to excess consideration received in respect of the issue of ordinary shares over and above the par value. The reserve is non-distributable.

The Merger reserve arose from the issue of ordinary shares in the reverse acquisition undertaken by Invu Inc. The Merger reserve is non-distributable.

The Share Option reserve represents the cumulative cost charged to the Income Statement for share based payments.

The Foreign Currency translation reserve represents exchange movements on the opening balance sheet of the Group's overseas undertakings whose functional currency is not £ Sterling.

The Reverse Acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the reserve acquisition of Invu Inc on 6 December 2007. There has been no movement in the Reverse Acquisition reserve in the year.

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's retained loss for the financial year amounted to £6,219,000 (2009: £23,591,000).

24. SHARE-BASED PAYMENTS

INVU Plc

As described within the accounting policies the Company applies IFRS 2 – Share Based Payments, in relation to share options granted to employees of the Group. There were no share options granted during the year ended 31 January 2010.

The company operates two share option plans the 2007 Share option plan and the Invu Plc Non-Executive Share options plan. The options currently granted under these schemes have either already vested on transfer from schemes that existed prior to 2007 or vest on the earlier of the achievement of performance targets, based on earnings per share or in the case of staff on 14 September 2011 or in the case of directors on 6 December 2013. Under the plans options will vest immediately where Invu Plc is subject to a change in control.

The movement on the schemes has been

	2010		2009	
	Number of Share options	**Weighted average Exercise price £**	Number of share options	Weighted average Exercise price £
Outstanding at beginning of the year	**4,118,789**	**0.285**	4,237,048	0.285
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**3,411,625**	**0.285**	118,259	0.285
Exercised during the year	**-**	**-**	-	-
Outstanding at the end of the year	**707,164**	**0.285**	4,118,789	0.285
Exercisable at the end of the year	**568,511**	**0.285**	2,840,979	0.285

The options outstanding at the 31 January 2010 had a weighted average exercise price of £0.285, and a weighted average remaining contractual life of 8 years (2009: 9 years).

The market price on 31 January 2010 of the £0.01 ordinary shares of Invu Plc was £0.0085 (2009: £0.03). For the year ended 31 January 2010 the market price ranged from a low of £0.00850 to a high of £0.04 (2009 –from a low of £0.03 to a high of £0.3450).

The expense arising from share options grants is based on the computation of the estimated fair value at the date of grant of each share option. This is calculated by applying a binomial lattice option pricing model. The model inputs for both years were the exercise price, an expected volatility of 29%, an expected dividend yield of 2%, a contractual life dependant on the type and date of the option granted and a risk-free interest rate of 4.56% for the options granted on 6 December 2007. Early exercise is not considered likely in material amounts and therefore no adjustments have been made in this respect. The directors have determined volatility using their knowledge of the business and by reviewing the rates of comparative companies.

25. CASH GENERATED FROM OPERATIONS

Group

	2010	2009
	£'000	£'000
Loss for the year	**(4,444)**	(8,827)
Adjustments for:		
Tax	**(51)**	(762)
Depreciation	**166**	151
Amortisation	**427**	435
Loss on disposal of property, plant and equipment	**68**	7
Loss on disposal of intangible assets	**377**	-
Foreign currency translation	**(1)**	125
Employee share scheme	**(54)**	(32)
Interest income	**-**	(21)
Interest expense	**136**	13
Changes in working capital		
Inventories	**167**	74
Trade and other receivables	**1,127**	8,934
Trade and other payables	**(628)**	(2,485)
Net cash used in operating activities	**(2,710)**	(2,388)

Company

	2010	2009
	£'000	£'000
Loss for the year	**(6,219)**	(23,591)
Adjustments for:		
Interest expense	**101**	-
Impairment of investments	**3,224**	23,175
Changes in working capital		
Trade and other receivables	**(10)**	-
Trade and other payables	**(593)**	(151)
Net cash used in operating activities	**(3,497)**	(567)

26. COMMITMENTS

Group

The future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings 2010 £'000	**Other 2010 £'000**	Land & buildings 2009 £'000	Other 2009 £'000
Within one year	**-**	**2**	69	5
Between one and two years	**-**	**1**	-	2
Between two and five years	**-**	**-**	-	-
Total minimum lease payments	**-**	**3**	69	7

The Company does not have any non-cancellable operating leases.

Neither the Group nor the Company has any capital commitments as at 31 January 2010 or 31 January 2009.

27. CONTINGENCIES

Group and Company

Neither the Group nor the Company has any material contingent liabilities identified as at 31 January 2010 or 31 January 2009.

28. RELATED PARTY TRANSACTIONS

As at 31 January 2010 Borrowings for both the Group and the Company, include £2.06 million which has been loaned to the company by Tyne & Wear Holdings Limited (£1.05 million), Magpie Investments Limited (£0.51 million) and Cynthia Goldman (£0.5 million). Goldman Investments, a company whose majority shareholder is Daniel Goldman the Chairman of the Company, provides investment advice to both Tyne & Wear Holdings Limited and Magpie Investments Limited. Cynthia Goldman is Daniel Goldman's mother. The Board have consulted with the Company's nominated adviser, Canaccord Genuity, and consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned. No such transactions occurred in the prior year.

As at 31 January 2010 the Company owed intergroup companies £501,000 (2009: £1,182,000). The Company entered into related party transactions with other group companies for recharges of professional fees from intergroup companies of £328,239 (2009: £405,694).

Except for transactions with the above there were no other related party transactions during the year for the Group or the Company.

Notes

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