COMPANY REGISTRATION NO. 06283181

INVU PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2012

Directors and advisors
For the year ended 31 January 2012

Directors

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

Secretary

I Smith

Registered Office

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

Auditors

BDO LLP
55 Baker Street
LONDON
W1U 7EU

Solicitors

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

Bankers

Bank of Scotland plc
33 Old Broad Street
LONDON
BX2 1LB

Nominated advisor and broker

WH Ireland Limited
24 Martin Lane
LONDON
EC4R 0DR

Registrars

Capita IRG Plc
The Registry,
34 Beckenham Road
Beckenham
KENT
BR3 4TU

Financial Statements

Chairman's statement

The achievement of a full year adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share option expenses) profit of £0.09 million, and a second consecutive year of annual positive operating cash flow of £0.14 million, together with the second consecutive year of revenue growth (this year 7.9%: last year 13.2%) shows the Group is making good progress towards our goal of developing a profitable, self sustaining and growing business.

During the year we carried out a capital reorganisation, as described below, and this has significantly strengthened the balance sheet as well as reducing the interest burden this year. In future years, the reduction in interest expense resulting from this capital reorganisation should make it easier for the group to deliver profit attributable to equity holders of the company.

The capital reorganisation included an investment of an additional £3,050,000 in the company by way of non-voting A ordinary shares. This investment included the conversion of loans, including interest, amounting to £2,353,412 and a subscription (cash payment) of £696,588. Part of the subscription monies were used to repay a £500,000 loan from certain Puma VCT's, and the balance was used to pay withholding taxes arising on the deemed payment of interest and professional fees related to the issue of the shares. The creation of the A ordinary shares, the conversion and the subscription, were approved by shareholders at a General Meeting on 29 July 2011.

At the year end the only borrowings remaining on the consolidated and company balance sheets amount to £90,000 which represents the debt element of the convertible loan issued in August 2009. The convertible loan was originally issued for £500,000 and this is convertible into equity at 2.5 pence per share in August 2014.

In November 2011 we issued an additional 5.28 million £0.01 ordinary shares in full settlement of an amount of £52,800, this was owed to Malu Partners Limited which is controlled by a former director of the company David Morgan.

The company's issued share capital at the year end, and as of the date of this report, is 168,752,662 ordinary shares at £0.01 each and 305,000,000 of A ordinary shares at £0.01 each. The A ordinary shares are not listed and are therefore not included in the market capitalisation figures reported by the London Stock Exchange.

We issued share options to the executive management team in January 2012 and these will considerably increase their equity interest in the business once the share price moves above 1.75 pence per share. The share price was 0.42 pence per share at the date of issue of these options.

The improvements made to date in the business are ultimately the result of the hard work and dedication of our employees and business partners. I would like to register my thanks for another year of achievement.

Daniel Goldman
Non Executive Chairman
23 May 2012

Financial performance

I am pleased to report a full year trading performance with sales growth (up 7.9% to £2.68 million), an adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share option expenses) profit of £0.09 million (2011: loss £0.03 million) and another improvement in the operating loss which was reduced from £0.33 million to £0.10 million.

We exit the year having generated £0.17 million of cash with a net cash balance of £0.55 million (2011: net borrowings of £2.27 million). The net cash balance represents, cash of £0.64 million (2011: £0.47) net of borrowings of £0.09 million (2011: £2.74 million).

Operations

During the year the business has been focused on, 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.

Our market

We have carried out the great majority of our business in the United Kingdom and have had a small amount of legacy revenue from overseas, the majority of which arises from business relationships established through our former Netherlands office.

In March 2011 we appointed Kompro as our exclusive reseller in the Netherlands. This year the Netherlands has contributed £0.09 million of revenue during the year.

Small and medium sized businesses

Our software is designed to address the needs of small and medium sized businesses.

We have set ourselves a goal to improve our sales mix towards the larger companies in the small and medium sized business sector. This year we have increased the average deal size of new customer wins by 43% (last year an increase of 50%) which shows good progress towards this goal.

This approach does mean that we focus our efforts on winning higher value deals at new customer sites and consequently the number of new customer sites acquired in the year has been lower (148) than last year (217).

The total contract value of deals won at new customers has remained steady and our growth has been through both selling more seats to existing customers and the growth in customer support revenue that occurs if you add new customers and retain a high percentage of your existing customers. We have a customer retention rate of around 90% (by value) and closed the year with 1,600 customers who had a customer support contract.

Sales model

Our primary route to market has traditionally been through our reseller channel, last year we introduced one OEM in the accountancy sector, IRIS, and began to make some direct sales. The reseller channel has proven effective at winning business in the small business sector. However, we have identified that we can more effectively serve medium sized businesses by supplementing the reseller approach with a direct approach. This year 46% of our new customer wins by value (7% of the number of new customer sites) have come through this direct approach. Our reseller channel remains the most significant part of our revenue with 72% of our business being transacted through the reseller channel.

Vertical markets

Invu document management software can yield significant business benefits to any business in any sector and consequently our reliance on any particular sector is limited.

During last year we introduced IRIS as an OEM. IRIS supplies Invu software under its own brand in the accountancy sector, and in its first full year it has established itself as one of our top resellers.

The housing association market emerged as a major vertical last year, and though we reported no significant new contract wins this year, it has been an important source of recurring revenue both in terms of additional software sales to existing customers and customer support revenue.

Some of the larger contract wins in the year have been in the finance, wealth management and utilities sectors.

In the finance sector we made a significant sale to Redmayne Bentley Stockbrokers. The primary driver for this sale was the ability of Invu software to aid regulatory compliance.

In the wealth management sector we made a significant sale to Waddesdon Manor. The primary driver of this sale was the ability of the Invu software to effectively manage records with effective capture, storage and retrieval which can then facilitate process improvement through the use of workflow.

In the utilities sector we made a significant sale to Jersey Water. The primary driver for this sale was the ability of Invu software to automate the capture of documents and then to improve the access of staff working offsite to those documents resulting in improvements in customer relationship management.

Delivering market-driven innovation

Our annual software release, which was made available to all customers during the first quarter of the financial year, included e-mail management and web approval modules. These modules have been well received by customers and have helped drive sales to both new and existing customers during the year.

We have just made available to all customers our latest software release and this continues the theme of making documents and workflow available anywhere. This release, as well as supporting the latest platforms and using the latest technology (.Net4), offers invoice processing functionality applicable to small and medium size business, provides simple records management and enables portals for the accountancy sector.

The needs of the mobile worker, particularly those who want to work through their browser using devices like tablets, are addressed. The introduction of a next generation viewer provides true thin client viewing of PDF's and Microsoft Office documents. An upgrade to Invu Web Approval is browser based and suitable for tablet devices.

We find that many of our customers have onerous compliance requirements. Our simple records management functionality allows straightforward and effective management of document life cycle management policy, execution of that policy and a robust audit trail.

We have partnered with Practice Web, a leading provider of portal technology to accountants, in producing a connector to their portal which will allow accountants to securely share documents stored in Invu with their clients, transact with them and then bring the updated document back into Invu.

Outlook

The UK economy is expected to perform weakly in our next financial year to 31 January 2013. As the majority of our business comes from UK customers, we are anticipating this will be a demanding year. Our first quarter has proven to be challenging as we have seen customer order lead times for new business lengthen, while our recurring revenue has continued to be strong. Over the full financial year we intend to continue to build on the stable base we have created during last two financial years.

Colin Gallick
Chief Executive Officer
23 May 2012

Revenue has increased by 7.9% from £2.49 million to £2.68 million. 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 of £1.04 million compared to £0.97 million in the prior year. The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and revenue was £1.64 million compared to £1.52 million in the prior year. The key performance metric for the sale of software support contracts is the renewal rate which was 90% compared to 85% last year.

The gross profit has increased to £2.20 million from £2.01 million. This represents an improvement in the gross margin percentage from 80.7% to 81.9%. This improvement is primarily driven by the revenue increase and favourable product sales mix offset increased in investment in technical support staff to maintain the service level offered to customers with support contracts.

The average headcount was 32 compared to 25 last year, with 33 (2011: 27) employed at the end of the year. The head count figures, in both years, include 3 non-executive directors. This increase in headcount was the major contribution to a 13.5% increase in staff costs to £1.81 million from £1.60 million. Staff costs related to professional services and technical support personnel are included in cost of sales and were £0.22 million (2011: £0.17 million). The remaining £1.59 million (2011: £1.43 million) of staff costs are included in administrative expenses.

Administrative expenses were 1.6% lower than last year at £2.30 million (2011: £2.34 million). The decrease arises from lower expenditures on non staff costs, (primarily facility costs, amortisation and depreciation) of £0.20 million offset by an increase in the staff costs, included in administration, of £0.16 million.

Finance costs were £0.2 million this year compared to £0.3 million last year. This decrease arose because of the conversion of £2.35 million of borrowings to equity in July 2011 and the subsequent repayment of £0.5 million of borrowings in August 2011, which were both enabled by the issue of shares in July 2011.

The tax credit of £0.04 million (2011: charge £0.09 million) represents the payment by Her Majesty's Revenue and Customs of research and development tax credits claimed for prior financial years.

The net loss of £0.23 million (2011: loss £0.75 million) results in a loss per share of 0.07 pence compared to a loss per share of 0.46 pence in the previous year.

The operating cash generation was at the same level as last year, £0.14 million. This arose from an adjusted EBITDA profit of £0.09 million (2011: loss of £0.03 million) and cash generation from working capital of £0.05 million (2011: £0.17 million). The primary driver this year for cash generated from working capital was growth in the billings of customer support contracts which are recognised in revenue over their term.

Net cash generation in the period was £0.17 million (2011: cash consumption of £0.018 million) and this resulted in a closing cash balance of £0.64 million (2011: £0.47 million).

The balance sheet shows a shareholders' deficit of £0.8 million compared to a £3.65 million deficit last year. This improvement is primarily the result of the issue of £3.05 million of A ordinary shares which were used to convert borrowings and related interest of £2.35 million into equity, to pay withholding taxes on the interest, to repay additional borrowings of £0.5 million and to pay the costs of the issue.

Ian Smith
Finance Director
23 May 2012

Executive Directors

Colin Gallick, Chief Executive Officer

Colin Gallick has over 25 years' experience within the software industry. Before joining Invu Plc, Mr Gallick was CEO of SecEurope Ltd, later GuardedNet Inc, the Security Information Management vendor, where he set up the EMEA operations. GuardedNet Inc, was successfully sold to Micromuse Inc. Mr Gallick stayed with Micromuse until its subsequent acquisition by IBM in 2006. During his career, he has guided several growth stage technology companies to a successful exit. He has significant experience of working in global markets, including having been based in the USA. He is a former Chairman of Reading University Enterprise Hub and is a member of several company advisory boards.

Ian Smith, Finance Director and Company Secretary

Ian Smith 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 was appointed 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 Partner of Goldrock Capital, which focuses on investing on innovative growth companies. 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 joined the board in July 2009 and is currently a non-executive director of Kofax Plc, non-executive Chairman of Execview Limited and non-executive Chairman of Qubit Digital 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, and previously Chairman and Chief Executive of Image Metrics Plc. Mr Wells is Chairman of the Audit and Remuneration committees.

Bernard Fisher, Non-Executive Director

Bernard Fisher joined the board in June 2000. He has over 35 years' experience in the IT sector, both as an external advisor and in specific industry roles. Since June 2009, Bernard is Executive Chairman of Casewise Systems, a leading UK based provider of Business Process Management Software. 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 career include being appointed as an independent non-executive director to the board of The Sage Group plc prior to its flotation in 1989 and he remained one of two independent non-executive directors until 1996. He has advised on and participated in the flotation (on both American and European exchanges), acquisition, recovery and disposal of over fifty companies. He has been variously Chairman, CEO and CFO of some of these. He is a member of both the Audit and Remuneration Committees.

The directors present their report together with the audited financial statements for the year ended 31 January 2012.

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 4.

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 £0.39 million related to research and development (2011: £0.43 million). In addition, the Group capitalised £0.07 million (2011: £0.05 million) of qualifying development expenditure as required in accordance with IAS 38.

Results

The audited financial statements for the year ended 31 January 2012 are set out on pages 17 to 47. The Group's loss for the year after tax amounted to £0.2 million (2011: £0.7 million). 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
D Goldman
I Smith
M Wells
B Fisher

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 Group and 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 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 HS&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 63 days (2011 – 80 days) of average supplies for the year ended 31 January 2012.

Auditors

The directors who held office at 31 January 2012 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 reappoint 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 ongoing basis by management are discussed in the Chief Executive's statement and finance review and are set out below:

Indicator	**2012**	**2011**	**Measure**
Revenue £m	2.7	2.5	
Profitability ratio			
Gross margin	81.9%	80.7%	Gross profit as a percentage of turnover
EBITDA £m	0.09	(0.03)	Earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of fixed assets, and stock options charge.
Other indicators			
New installed sites	148	217	New customer sites installed in the year
Days sales outstanding	71	70	Computed using the exhaustion method
InvuCare renewal rate	90%	85%	Based on the value of contracts falling due for renewal
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.		

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 2012.

Annual General Meeting

The Annual General Meeting will be held at The Beren, Blisworth Hill Farm, Stoke Road, Blisworth Northants, NN7 3DB on 25th June 2012 at 2 pm. The notice of the Annual General Meeting will be sent separately to shareholders.

ON BEHALF OF THE BOARD

Ian Smith, Director
23 May 2012

The Company is listed on the Alternative Investment Market (AIM) and is therefore not required to comply with the provisions of UK Corporate Governance 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 pages 6 to 7.

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. 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 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

The Company's share option schemes are set out in note 21 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 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 £0.0042 at 31 January 2012 (2011: £0.0082). The market price of the ordinary shares from 1 February 2011 to 31 January 2012 ranged from a low of £0.0035 to a high of £0.0095 (2010-2011: low of £0.0065 to a high of £0.012).

Directors' remuneration

The remuneration of the directors is as follows:

	Salaries and fees £'000	Bonus £'000	Benefits in kind £'000	Total **2012 £'000**	Total 2011 £'000
Colin Gallick	131	125	19	**275**	215
Ian Smith	105	50	13	**168**	140
Daniel Goldman	30	-	-	**30**	30
Bernard Fisher	-	-	1	**1**	9
Mark Wells	37	-	-	**37**	36
	303	175	33	**511**	430

Pension contributions were

	2012 £'000	2011 £'000
Colin Gallick	**6**	6
Ian Smith	**2**	-
	8	6

During the year the following directors held options.

Share options £0.01 ordinary shares

	Granted	Number of options	Exercise price	Exercise period
Daniel Goldman	6 Dec 07	150,000	28.500p	6 Dec 07 to 6 Dec 17
Bernard Fisher	6 Dec 07	50,000	28.500p	6 Dec 07 to 6 Dec 17
Colin Gallick	30 Jan 12	6,000,000	0.175p	30 Jan 12 to 30 Jan 22
Ian Smith	30 Jan 12	3,000,000	0.175p	30 Jan 12 to 30 Jan 22

Share Options £0.01 A Ordinary Shares

	Granted	Number of options	Exercise price	Exercise period
Colin Gallick	30 Jan 12	12,400,000	0.175p	30 Jan 12 to 30 Jan 22
Ian Smith	30 Jan 12	6,200,000	0.175p	30 Jan 12 to 30 Jan 22

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 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 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.

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.

BDO LLP

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

Date 23 May 2012

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 2012

	Notes	2012 £'000	2011 £'000
Revenue	4	**2,684**	2,488
Cost of sales		**(487)**	(479)
Gross profit		**2,197**	2,009
Administration expenses		**(2,298)**	(2,335)
Loss from operations	5	**(101)**	(326)
Finance costs	7	**(167)**	(326)
Loss before income tax		**(268)**	(652)
Income tax credit/(charge)	8	**42**	(97)
Loss for the year attributable to:			
Equity holders of the parent company		**(226)**	(749)
Loss per share			
Basic and diluted (pence per share)	9	**(0.07)**	(0.46)

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 January 2012

	Notes	2012 £'000	2011 £'000
Loss for the year	4	**(226)**	(749)
Other comprehensive income			
Exchange differences on translating foreign operations		**-**	-
Other comprehensive income for the year (net of tax)		**-**	-
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**(226)**	(749)

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
As at 31 January 2012

Company number 06283181	**Notes**	**2012** **£'000**	2011 £'000
Non-current assets			
Intangible assets	10	**137**	210
Property, plant and equipment	11	**24**	42
		161	252
Current assets			
Trade and other receivables	13	**634**	581
Cash and cash equivalents	14	**641**	470
		1,275	1,051
Total assets		**1,436**	1,303
Current liabilities			
Trade and other payables	15	**2,181**	2,212
Borrowings	16	**26**	2,667
		2,207	4,879
Net current liabilities		**(932)**	(3,828)
Non-current liabilities			
Borrowings	16	**64**	77
		64	77
Total liabilities		**2,271**	4,956
Net liabilities		**(835)**	(3,653)
Equity			
Share capital	19	**4,738**	1,635
Equity components of convertible loan notes	16	**375**	375
Shares to be issued	19	**29**	29
Share premium	20	**412**	412
Merger reserve	20	**361**	29,260
Share option reserve	20	**246**	233
Reverse acquisition reserve	20	**(20,570)**	(20,570)
Retained earnings		**13,511**	(15,090)
Foreign currency translation reserve	20	**63**	63
Total deficit attributable to:			
Equity holders of the Company		**(835)**	(3,653)

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 23rd May 2012 and were signed on its behalf.

C Gallick, Director

I Smith, Director

INVU PLC
Company balance sheet
As at 31 January 2012

Company number 06283181

	Notes	2012 £'000	2011 £'000
Non-current assets			
Investments	12	**2,246**	4,333
		2,246	4,333
Current assets			
Trade and other debtors	13	**-**	11
Cash and cash equivalents	14	**-**	-
		-	11
Total assets		**2,246**	4,344
Current liabilities			
Trade and other payables	15	**179**	323
Borrowings	16	**26**	2,667
		205	2,990
Net current liabilities		**205**	2,979
Non-current liabilities			
Borrowings	16	**64**	77
Total liabilities		**269**	3,067
Net assets		**1,977**	1,277
Equity			
Share capital	19	**4,738**	1,635
Equity components of convertible loan notes	16	**375**	375
Shares to be issued	19	**29**	29
Share premium	20	**412**	412
Merger reserve	20	**361**	29,260
Share option reserve	20	**246**	233
Retained earnings		**(4,184)**	(30,667)
Total equity attributable to:			
Equity holders of the Company		**1,977**	1,277

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 23rd May 2012 and were signed on its behalf.

C Gallick
Director

I Smith
Director

Consolidated statement of changes in equity
For the year ended 31 January 2012

	Share Capital £'000	Equity Components of Convertible loan notes £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Foreign Currency Translation reserve £'000	Total £'000
At 1 February 2010	1,635	375	29	412	29,260	229	(20,570)	(14,341)	63	(2,908)
Total comprehensive income	-	-	-	-	-	-	-	(749)	-	(749)
Movement on share option reserve	-	-	-	-	-	4	-	-	-	4
At 31 January 2011	1,635	375	29	412	29,260	233	(20,570)	(15,090)	63	(3,653)

	Share Capital £'000	Equity Components of Convertible loan notes £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Foreign Currency Translation reserve £'000	Total £'000
At 1 February 2011	1,635	375	29	412	29,260	233	(20,570)	(15,090)	63	(3,653)
Total comprehensive income	-	-	-	-	-	-	-	(226)	-	(226)
Transfer between reserves	-	-	-	-	(28,899)	-	-	28,899	-	-
Movement on share option reserve	-	-	-	-	-	13	-	-	-	13
Issue of shares	3,103	-	-	-	-	-	-	(72)	-	3,031
At 31 January 2012	**4,738**	**375**	**29**	**412**	**361**	**246**	**(20,570)**	**13,511**	**63**	**(835)**

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

Company statement of changes in equity
For the year ended 31 January 2012

	Share Capital £'000	Equity Components of Convertible loan notes £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2010	1,635	375	29	412	29,260	229	(30,161)	1,779
Total comprehensive income	-	-	-	-	-	-	(506)	(506)
Movement on share option reserve	-	-	-	-	-	4	-	4
At 31 January 2011	1,635	375	29	412	29,260	233	(30,667)	1,277

	Share Capital £'000	Equity Components of Convertible loan notes £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2011	1,635	375	29	412	29,260	233	(30,667)	1,277
Total comprehensive income	-	-	-	-	-	-	(2,344)	(2,344)
Transfer between reserves	-	-	-	-	(28,899)	-	28,899	-
Movement on share option reserve	-	-	-	-	-	13	-	13
Issue of shares	3,103	-	-	-	-	-	(72)	3,031
At 31 January 2012	**4,738**	**375**	**29**	**412**	**361**	**246**	**(4,184)**	**1,977**

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

Consolidated cash flow statement
For the year ended 31 January 2012

	Notes	2012 £'000	2011 £'000
Net cash inflows from operating activities	22	**140**	142
Taxation		**77**	-
Investing activities			
Purchases of property, plant and equipment and intangibles		**(35)**	-
Sales of property, plant and equipment		**1**	18
Expenditure on internally developed intangible assets		**(54)**	(55)
Net cash used in investing activities		**(88)**	(37)
Financing activities			
Net proceeds from the issue of shares		**677**	-
Borrowings (repaid)		**(535)**	-
Interest paid		**(100)**	(92)
Repayment of obligations under finance leases		**-**	(31)
Net cash flow from financing activities		**42**	(123)
Net increase/(decrease) in cash and cash equivalents		**171**	(18)
Cash and cash equivalents at the beginning of the year		**470**	488
Cash and cash equivalents at the end of the year	14	**641**	470

The accompanying accounting policies and notes on pages 25 to 47 are an integral part of these consolidated financial statements.

Company cash flow statement
For the year ended 31 January 2012

	Notes	2012 £'000	2011 £'000
Net cash flows from operating activities	22	**(42)**	(315)
Financing activities			
Net proceeds from the issue of shares		**677**	-
Borrowings (repaid)		**(535)**	-
Interest paid		**(100)**	(85)
Net cash flow from financing activities		**42**	(85)
Net (decrease)/increase in cash and cash equivalents		**-**	(400)
Cash and cash equivalents at the beginning of the year		-	400
Cash and cash equivalents at the end of the year		**-**	**-**

The accompanying accounting policies and notes on pages 25 to 47 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.

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.

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.

The Directors have reviewed the Group's projected cash flows for the period through to 31 July 2013 considering amongst other things, the Group's requirements to repay borrowings, the level of recurring revenue, the outlook for the Group's chosen markets and the current working capital resources and are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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.

The Group's revenues are made through a reseller channel and by direct sale to end users.

Revenues from the sale of licenses of software products 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.

Revenues for the sale of maintenance and ongoing support are recognised on a straight line basis, over the period of each end user support agreement.

Revenues for the provision of professional services are recognised when the services are delivered.

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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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-term 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 subsequently 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)

Share capital
Ordinary shares and A ordinary shares are classified as equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments
The Group has applied the requirements of IFRS 2 Share-Based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's best estimate of shares that will eventually vest.

Fair value is measured by use of a binomial lattice pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Retirement benefit costs
The Group operates a contracted in money purchase pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Taxation
The taxation ('tax') expense/credit represents the sum of the tax currently payable/receivable and deferred tax.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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. During the year 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.

New standards

a) New standards, interpretations and amendments effective from 1 February 2011

No new standards, interpretations and amendments, have been applied for the first time from 1 February 2011, that have had a material effect on these financial statements:

b) New standards, interpretations and amendments not yet effective

There are no new standards, interpretations and amendments that are not yet effective, which had they been applied in these financial statements would have had a material effect on these financial statements.

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 21), bad debt provisions (note 13), the capitalization of internally generated intangibles (note 2) and the amortisation period for intangible assets and impairment reviews (note 2).

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 and recognised assets and liabilities. To mitigate this risk the Group holds cash in Euro denominated accounts in the UK.

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. During the year the group completed an equity placing, enabling it to repay a significant proportion of its borrowings.

(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 13 to the financial statements.

(c) Liquidity risk

Management monitors forecasts of the Group's liquidity comprising 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 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. FINANCIAL RISKS (continued)

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's services being, the design, sale and support of computer software for the electronic management of information and documents operate through a common infrastructure and support function. Therefore the Directors believe the activities constitute one operating segment through which it provides services.

The segment results are as follows:

	2012	2011
	£'000	£'000
Revenue by service:		
Sale of software licences and related services	**1,040**	966
Sale of software maintenance contracts	**1,644**	1,522
Revenue	**2,684**	2,488
Gross profit	**2,197**	2,009
Loss from operations	**(101)**	(326)
Loss before income tax	**(268)**	(652)
Loss for the year	**(226)**	(749)

Included in revenue above are £0.086 million (2011: £0.007 million) related to sales in Europe. All other revenue relates to the UK.

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

The Group had one reseller who was responsible for 17% (2011: 24%) 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:

	2012	2011
	£'000	£'000
Research and development expenditure	**387**	427
Depreciation of property, plant and equipment	**35**	97
(Profit)/Loss on disposal of tangible non-current assets	**(1)**	3
Amortisation of intangible assets	**145**	196
Auditors' remuneration:		
Audit services	**15**	15
Audit of subsidiary undertakings	**20**	20
Share option charge	**13**	4
Loss on foreign exchange	**2**	2
Operating leases - land and buildings	**40**	47
- other	**1**	1

6. STAFF COSTS

Staff costs during the year amounted to:	**2012** **£'000**	2011 £'000
Wages and salaries	**1,590**	1,388
Social security	**190**	180
Pension costs	**20**	26
Share option costs	**13**	4
	1,813	1,598

The average number of people employed by the Group (including directors) during the year was 32 (2011: 25), there were no employees in the company for the current and prior year. At 31 January 2012 there were outstanding pension contributions of £6,000 (2011: £nil).The Company provided no post-retirement benefits to its employees.

Included within staff costs are directors emoluments amounting to:	**2012** **£'000**	2011 £'000
Remuneration	**511**	430
Social security	**48**	43
	559	473
Pension contributions	**8**	6
Total emoluments	**567**	479
Share option costs	**11**	7
Key management personnel remuneration	**578**	486

During the year 2 (2011: 1) directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options (2011: nil).

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

	2012 **£'000**	2011 £000
Emoluments	**275**	215
Pension	**6**	6

7. FINANCE COSTS

	2012 **£'000**	2011 £'000
Finance leases	**-**	5
Other interest payable	**167**	321
	167	326

8. TAXATION

	2012	2011
	£'000	£'000
Current taxation		
- Adjustment in respect of prior years	**(42)**	97
- Current tax charge	**-**	-
Total tax credit	**(42)**	97

The tax rate used for the reconciliations below is the corporate tax rate of 26% (2011:28%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

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

	2012	2011
	£'000	£'000
Loss before taxation	**(268)**	(652)
Profit multiplied by standard rate of corporation tax in the UK of 26% (2011: 28%)	**(70)**	(183)
Tax effect of:		
Expenses not deductable	**47**	93
Enhanced relief on research and development	**(14)**	(7)
Tax effect of share options	**3**	1
Fixed asset temporary differences	**13**	38
Unutilised losses carried forward	**21**	58
Research and development tax (credit)/reversal	**(42)**	97
Total tax (credit)/charge for the year	**(42)**	97

9. EARNINGS PER SHARE

	2012	2011
	Number	Number
Weighted average number of common shares in issue during the year	**320,083,512**	163,472,662
Basic loss per share	**(0.07) p**	(0.46)p
Diluted loss per share	**(0.07) p**	(0.46)p

The basic loss per share is based on the loss after taxation of £226,000 (2011: £749,000) and on the weighted average number of shares in issue during the year of 320,083,512 (2011: 163,472,662).

In accordance with IAS 33, 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. The convertible loan notes have no impact on diluted earnings per share because the exercise of conversion rights would have the effect of reducing the loss per share by virtue of saving of loan stock interest which would otherwise be payable.

10. OTHER INTANGIBLE ASSETS

Group	Development costs £'000	Computer software £'000	Total £'000
Cost			
At 1 February 2010	943	206	1,149
Additions	55	-	55
Disposals/write offs	(281)	(88)	(369)
At 31 January 2011	**717**	**118**	**835**
At 1 February 2011	717	118	835
Additions	68	4	72
Disposals/write offs	(317)	(80)	(397)
At 31 January 2012	**468**	**42**	**510**
Amortisation			
At 1 February 2010	647	151	798
Charge for the year	167	29	196
Elimination on disposal	(281)	(88)	(369)
At 31 January 2011	533	92	625
At 1 February 2011	533	92	625
Charge for the year	121	24	145
Elimination on disposal/write offs	(317)	(80)	(397)
At 31 January 2012	**337**	**36**	**373**
Net book amount			
At 31 January 2010	296	55	351
At 31 January 2011	184	26	210
At 31 January 2012	**131**	**6**	**137**

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

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

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Computer equipment £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 February 2010	314	57	154	525
Additions	-	-	-	-
Disposals	(131)	(57)	(70)	(258)
At 31 January 2011	**183**	**-**	**84**	**267**
At 1 February 2011	183	-	84	267
Additions	17	-	-	17
Disposals	(110)	-	(57)	(167)
At 31 January 2012	**90**	**-**	**27**	**117**
Depreciation				
At 1 February 2010	213	29	123	365
Charge for the year	58	15	24	97
Disposals	(126)	(44)	(67)	(237)
At 31 January 2011	**145**	**-**	**80**	**225**
At 1 February 2011	145	-	80	225
Charge for the year	32	-	3	35
Disposals	(110)	-	(57)	(167)
At 31 January 2012	**67**	**-**	**26**	**93**
Net book amount				
At 31 January 2010	101	28	31	160
At 31 January 2011	38	-	4	42
At 31 January 2012	**23**	**-**	**1**	**24**

No property, plant and equipment was held under the finance leases and similar hire purchase contracts at the end of the year (2011: £nil). No depreciation (2011: £14,313) has been charged to the income statement during the year.

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

12. INVESTMENTS

Company	**Shares in Group undertakings £'000**	**Capital contribution to subsidiaries £'000**	**Total £'000**
Cost			
At 1 February 2010	30,899	315	31,214
Additional capital contribution	-	10	10
At 31 January 2011	30,899	325	31,224
Cost			
At 1 February 2011	30,899	325	31,224
Additional capital contribution	-	15	15
At 31 January 2012	30,899	340	31,239
Provisions			
At 1 February 2010	(26,399)	(86)	(26,485)
Provision against investments	(400)	-	(400)
Cancelled share options	-	(6)	(6)
At 31 January 2011	(26,799)	(92)	(26,891)
At 1 February 2011	(26,799)	(92)	(26,891)
Provision against investments	(2,100)	-	(2,100)
Cancelled share options	-	(2)	(2)
At 31 January 2012	**(28,899)**	**(94)**	**(28,993)**
Net book value of investments			
At 31 January 2010	4,500	229	4,729
At 31 January 2011	4,100	233	4,333
At 31 January 2012	**2,000**	**246**	**2,246**

The provisions against investments in 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.

12. 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 (UK) plc[1]	England & Wales	-	100% ordinary shares	Intermediate holding company
Invu Services Limited [2]	England & Wales	-	100% ordinary shares	Software and related services, design and sales
Invu International Holdings Limited [2]	England & Wales	-	100% ordinary shares	Holds intellectual property rights
Invu Netherlands B.V. [3]	The Netherlands	-	100% ordinary shares	Non-Trading

1 Held via Invu 2007 Limited
2 Held via Invu (UK) plc
3 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 2012.

In prior years the company had a United States subsidiary, Invu Inc. This was liquidated in the year and its investments in Invu (UK) Plc was distributed to Invu 2007 Limited.

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.

13. TRADE AND OTHER RECEIVABLES

Current	**Group 2012 £'000**	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Trade receivables	**588**	494	**-**	-
Prepayments	**46**	87	**-**	11
	634	581	**-**	11

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 £243,000 (2011: £176,000) which are past due at the reporting date. The average age of these receivables is 56 days (2011: 55 days).

Aging of past due but not impaired receivables	**Group 2012 £'000**	Group 2011 £'000
30-60 days	**164**	132
60-90 days	**73**	27
90+ days	**6**	17
	243	176

Movement in bad debt provision	**Group 2012 £'000**	Group 2011 £'000
At 1 February 2011	**142**	4,040
Amounts charged to Income Statement	**2**	9
Amounts written off	**(77)**	(3,907)
At 31 January 2012	**67**	142

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Provisions against debtors have been made where there is no reasonable prospect of the amount due being recovered. There are no customers with default history in the debtors that are neither past due nor impaired.

14. CASH AND CASH EQUIVALENTS

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Cash at bank and in hand	**641**	470	**-**	-

15. TRADE AND OTHER PAYABLES

Current	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade payables	**238**	304	**40**	42
Other payables	**172**	140	**48**	47
Other taxation and social security	**52**	47	**-**	-
Accruals and deferred income	**1,719**	1,721	**91**	234
	2,181	2,212	**179**	323

All amounts above are payable within one year.

Of the above, £1,157,000 (2011: £1,173,000) relates to Group financial liabilities, and in the Company £179,000 (2011: £323,000) relates to financial liabilities as referred to in note 2 and included in note 17.

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.

16. BORROWINGS

Current	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Loan notes secured	**-**	500	**-**	500
Second tier secured	**-**	2,132	**-**	2,132
Current portion of convertible loan notes	**26**	35	**26**	35
	26	2,667	**26**	2,667
Borrowings with a maturity greater than one year	**64**	77	**64**	77

The secured loan notes shown in the prior year, together with related accrued interest, were settled by the issue of A ordinary shares in July 2011.

The second tier loan notes shown in the prior year were repaid in August 2011 from the proceeds on issue of A ordinary shares in July 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. They can be converted into equity by the holders at 2.5p per ordinary share from their third anniversary and will mandatorily convert to equity at 2.5p per ordinary share on their fifth anniversary. The equity element is shown in equity as £375,000 (2011: £375,000).

17. 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 2012 £'000**	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Loans and receivables:				
Trade and other receivables	**588**	494	**-**	-
Cash and cash equivalents	**641**	470	**-**	-
	1,229	964	**-**	-

Financial Liabilities	**Group 2012 £'000**	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Borrowings short term	**(26)**	(2,667)	**(26)**	(2,667)
Borrowings long term	**(64)**	(77)	**(64)**	(77)
Trade and other payables	**(1,157)**	(1,173)	**(179)**	(323)
	(1,247)	(3,917)	**(269)**	(3,067)

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

The Group's financial liabilities have contractual maturities as summarised below;

	Current 0-6 months £'000	Current 7-12 months £'000	Non current 1-5 years £'000	Non current >5 years £'000
As at 31 January 2012				
Borrowings short term	(14)	(12)	-	-
Borrowings long term	-	-	(64)	-
Trade and other payables	(1,157)	-	-	-
	(1,171)	(12)	(64)	-
As at 31 January 2011				
Borrowings short term	(2,649)	(18)	-	-
Borrowings long term	-	-	(77)	-
Trade and other payables	(1,173)	-	-	-
	(3,822)	(18)	(77)	-

18. DEFERRED TAXATION

Group and Company

At the balance sheet date, the group and company have not recognised any deferred tax assets or liabilities.

At the balance sheet date, the Group has unused tax losses, as below, available for offset against future profits in the respective countries.

Country	**Unrelieved tax losses 2012 £'000**	Unrelieved tax losses 2011 £'000
UK	**11,379**	11,413
US	**-**	992
Netherlands	**-**	451
	11,379	12,856

19. SHARE CAPITAL AND SHARE PREMIUM

Group and Company

	2012 £'000	**2011 £'000**
Authorised, allotted and fully paid:		
168,752,662 (2011: 163,472,662) £0.01 ordinary shares	**1,688**	1,635
305,000,000 (2011: nil) £0.01 A ordinary shares	**3,050**	-
	4,738	1,635

The company issued 305,000,000 £0.01 A ordinary shares on 29th July 2011 at a price of £0.01 per share. A total of 235,341,200 £0.01 ordinary shares were issued in settlement of borrowings with a value of £2.35 million net of withholding taxes (gross borrowings £2.44 million). The remaining shares were issued for cash and the cash used to settle additional outstanding borrowings of £500,000, to pay withholding taxes and to pay the costs of the issue. The costs of the issue were £72,000 and have been charged directly to retained earnings. The A ordinary shares rank in priority to the ordinary shares, with respect to any distribution of assets of the Company on a winding-up, and have no rights to attend and vote at general meetings of shareholders of the Company, but otherwise rank pari passu in all respects with the issued ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on the Company's share capital.

The company issued 5,280,000 £0.01 ordinary shares on 10th November 2011 at a price of £0.01 to settle an amount included in trade payables of £52,800.

Shares to be issued

The Company has a commitment to issue a further £0.01 of 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 shares 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.

20. RESERVES

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

The Share Premium reserve relates 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. During the year the cumulative post merger provisions against the investment in shares in group undertakings (£28,899,000) have been transferred to this reserve from retained earnings. 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 and results 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 £2,344,000 (2011: £506,000).

21. 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. The share option charge during the year ended 31 January 2012 amount to £13,000 (2011: £4,000).

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 the following vesting terms:

a) on transfer from schemes that existed prior to 2007 they have already vested
b) on grants in the year 2007 they vest on the earlier of the achievement of performance targets, based on earnings per share in the case of staff on 14 September 2011 or in the case of directors on 6 December 2013
c) on grants subsequently made to executive management, including directors, they vest equally over three years from the date of grant
d) on grants subsequently made to other staff they vest on the earlier of the achievement of performance targets, based on profit after tax, or four years from the date of grant.

Under the plans, options will vest immediately when Invu Plc is subject to a change in control.

All options, originally granted on 21 June 2010, that were outstanding as of 30 January 2012 were surrendered by employees as of that date and those employees received options granted as of 30 January 2012. The options granted as of 30 January 2012 to these employees have been accounted for as a modification, in accordance with IFRS 2, to the options granted as at 21 June 2010.

21. SHARE-BASED PAYMENTS (continued)

The movement on the schemes has been:

	2012 Number of Share options	Weighted average Exercise price £	2011 Number of share options	Weighted average Exercise price £
Outstanding at beginning of the year	**10,618,939**	**0.026**	707,164	0.285
Granted during the year	**36,499,200**	**0.017**	10,085,000	0.01
Forfeited during the year	**(9,668,050)**	**0.015**	(173,225)	0.145
Exercised during the year	**-**	**-**	-	-
Outstanding at the end of the year	**37,450,080**	**0.020**	10,618,939	0.026
Exercisable at the end of the year	**357,995**	**0.285**	357,995	0.285

The options outstanding at the 31 January 2012 had a weighted average exercise price of £0.026 and a weighted average remaining contractual life of 10 years (2011: 9 years).

The market price on 31 January 2012 of the £0.01 ordinary shares of Invu Plc was £0.0042 (2011: £0.0082). For the year ended 31 January 2012 the market price ranged from a low of £0.0035 to a high of £0.0095 (2011: a low of £0.0065 to a high of £0.0124).

The expense arising from share options grants in 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. Early exercise is not considered likely in material amounts and therefore no adjustments have been made in this respect. The key variables used in the model were:

	30/01/12	20/12/10	06/12/07
Market value at date of grant	£0.0042	£0.0065	£0.2850
Exercise price	£0.0100	£0.0100	£0.2850
Exercise price executives 2012	£0.0175	-	-
Expected volatility	85.2%	95.3%	29.0%
Expected dividend yield	0.0%	0.0%	2.0%
Risk free interest rate	0.39%	0.60%	4.56%

The directors have determined the volatility for options granted during the year using computations based on historical share prices.

22. CASH GENERATED FROM OPERATIONS

Group

	2012 £'000	2011 £'000
Loss for the year	**(226)**	(749)
Adjustments for:		
Tax	**(42)**	97
Depreciation	**35**	97
Amortisation	**145**	196
(Profit)/Loss on disposal of property, plant and equipment	**(1)**	3
Employee share scheme expense	**13**	4
Interest expense	**167**	326
Changes in working capital		
Inventories	**-**	17
Trade and other receivables	**(98)**	143
Trade and other payables	**147**	8
Net cash generated by operating activities	**140**	142

Company

	2012 £'000	2011 £'000
Loss for the year	**(2,344)**	(506)
Adjustments for:		
Interest expense	**167**	319
Impairment of investments	**2,100**	400
Changes in working capital		
Trade and other receivables	**1**	(1)
Trade and other payables	**34**	(527)
Net cash used in operating activities	**(42)**	(315)

23. CONTINGENCIES

Neither the Group nor the Company has any material contingent liabilities identified as at 31 January 2012 or 31 January 2011.

24. COMMITMENTS

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

	2012	2011
	£'000	£'000
Within one year	**34**	-
Between one and two years	**34**	-
Between two and five years	**17**	-
Total minimum lease payments	**85**	-

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

Neither the Group nor the Company has any capital commitments as at 31 January 2012 or 31 January 2011.

25. RELATED PARTY TRANSACTIONS

As at 31 January 2012, Borrowings and Accruals and deferred income for both the Group and the Company, include £23,373 (2011: £2.34 million) which has been loaned to the company by related parties. Included in these loans were £11,872 (2011: £2.06) million which has been loaned by Tyne & Wear Holdings Limited ("T&W"), £5,803 (2011: £1.20 million) which has been loaned by Magpie Investments Limited ("MIL") and £5,698 (2011: £0.56 million) which has been loaned by Cynthia Goldman ("CPG").

On 29 July 2011 the Company approved by a general meeting of shareholders the issue of 305,000,000 £0.1 A ordinary shares to these related parties (T&W 134,331,060 , MIL 83,810,940, CPG 86,858,000) in exchange for a subscription for cash of £696,588 and conversion of borrowings including interest amounting to £2,353,412 (T&W £1,195,366 , MIL £584,292, CPG £573,754).

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 consulted with the Company's, then serving, nominated adviser, Canaccord Genuity, and considered that the terms of the transaction above were fair and reasonable insofar as the Company's shareholders were concerned. Goldman Investments Limited was paid £15,000 (2011: £Nil) during the year related to fees for services provided by Daniel Goldman, the Chairman of the Company. The closing balance sheet included £52,500 (2011: £22,500) of accrued directors fees for Daniel Goldman not yet billed, and £Nil (2011: £15,000) in trade payables for fees for the services provided by Daniel Goldman.

Cortexplus Limited, a company whose majority shareholder is Mark Wells, a non-executive Director of the Company, was paid £37,240 (2011: £6,207) and the closing balance sheet at 2012 and 2011 included trade payables of £3,103 for fees for the services provided by Mark Wells.

As at 31 January 2012 the Company owed intergroup companies £nil (2011: £nil). The Company entered into related party transactions with other group companies for recharges of professional fees from intergroup companies of £120,744 (2011: £279,739).

The directors have the authority and responsibility for planning, directing and controlling the activities of the group, and the company, and they are therefore the key management personnel.

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