

INVU PLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2013

Directors

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

Secretary

I Smith

Registered Office

Blisworth Hill Farm
Stoke Road
Blisworth
NORTHANTS
NN7 3DB

Auditors

BDO LLP
55 Baker Street
LONDON
W1U 7EU

Solicitors

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
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BR3 4TU

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Chairman's statement

I am pleased to report the achievement of a profit for the year of £0.3 million. This resulted in earnings per share of 0.06 pence on both a basic and fully diluted basis.

This is the first profit we have reported in five years and represents significant progress from the £8.8 million loss we recorded in the financial year ending 31 January 2009.

Following that loss, during the year ending 31 January 2010, we recruited our current executive directors and charged them with developing a profitable, self sustaining and growing business.

The first part of this process was to achieve a positive operating cash flow. I am pleased to report that the £0.2 million operating cash flow represents the third consecutive year that the company has been able to report positive operating cash flow. This was initially achieved through sound cost control and much improved working capital management.

The second part of this process was to achieve consistent trading profits. I am pleased to report that the adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share option expenses) reported this year of £0.4 million, represents the second consecutive year that the company has been able to report an adjusted EBITDA profit. This was achieved through a continuation of sound cost control and some revenue growth in the financial year ending 31 January 2012.

The third part of this process has been to report a profit for the year. As mentioned above the reported profit of £0.3 million represents a first achievement of this goal. This has been achieved, despite broadly flat revenues in this financial year, due to improvement in the quality of business measured by gross margin, continuation of sound cost control and the conversion of the majority of the company's debt to equity, during the year ended 31 January 2012, which has resulted in a significant fall in financing costs this year.

In the context of the performance of the UK economy, broadly flat revenue for the year is a creditable performance. This year, following last year's achievement of a trading profit, we set the management team the task of growing the business without jeopardising the bottom line. They were incentivised to do this and they elected, given the economic environment, to steer a sensible path towards profit rather than a risky one towards growth. Accordingly some of the administrative expense cost saving, compared to last year, has arisen because bonus incentives, related to the growth targets we set, have not been earned. We remain committed to growing the business without jeopardising the bottom line.

The board notes that the share price has consistently fallen over the last few year years despite the continuing improvement in the trading performance of the company and the strengthening of the Balance Sheet, which arose from the conversion of the majority of debt to equity, during the year ended 31 January 2012. In the last year alone the share price has fallen from 0.42 pence to 0.21 pence. The board continues to monitor the company's share price performance and to consider on a regular basis steps that may be taken by the company to redress this situation.

The leadership provided by the board and the management of resources by the executive team are important elements in the improvements in the business made to date, however these improvements are ultimately the result of the hard work and dedication of our employees and business partners. I would like to register my thanks to them for another year of achievement.



Daniel Goldman
Non Executive Chairman
15 May 2013

Chief Executive's statement

Financial performance

I am pleased to report a significant improvement in adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share option expenses) profit of £0.4 million (2012: £0.1 million) and a net profit of £0.3 million for the year (2012: loss £0.2 million). These results were achieved on broadly flat revenues of £2.7 million which reflect the tough trading economic environment in the UK.

We exit the year having generated £0.2 million of cash with a net cash balance of £0.7 million (2012: net cash of £0.6 million). The net cash balance represents, cash net of borrowings.

Operations

During the year the business has continued to focus 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 continued to carry 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.

Our target market is small and medium sized businesses and the departments of larger businesses. In particular businesses which wish to improve the efficiency and control of their business processes and businesses that have particular compliance requirements related to the processing and retention of documents.

Small and medium sized businesses

We continue to make progress in our goal to improve our sales mix towards the larger companies in the small and medium sized business sector. Over the last couple of years our new customer business has tended to be with larger customers in the sector than in the past. One measure of this is our annual average deal size for new business which, compared to the year ending 31 January 2011, showed a 30% increase this year and a 43% increase last year. We have also seen a number of existing customers adopt solutions that involve our work flow and third party capture software offerings.

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 (93) than last year (148).

In common with many software vendors in the UK we have found that new customers have lengthened their purchasing lead times to conserve cash in these uncertain economic times. We have been able to compensate for the impact of this on our business by selling more software and services to existing customers. We have maintained the level of our customer support revenue. We have a customer retention rate of around 88% (by value) and closed the year with 1,500 customers who had a customer support contract.

Sales model

Our primary route to market has traditionally been through our reseller channel. In our financial year ending 31 January 2011 we introduced one OEM in the accountancy sector, IRIS, and they have now become our most significant partner in terms of revenue. At the same time we 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 31% of our new customer wins by value (4% 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 73% of our business being transacted through the reseller channel.

Chief Executive's statement

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.

The accountancy sector, remains our most significant vertical market with most of our supply to this sector being via IRIS who supply Invu software under its own brand.

The larger individual contract wins in the year have been in the housing, finance, wealth and resource management, social enterprise and the manufacturing and related services sectors.

The housing association market remains an important source of recurring revenue both in terms of additional software sales to existing customers and customer support revenue. In the year we made two significant sales to existing customers who wanted to extend their use of Invu software.

In the finance sector we made significant sales to three different companies, from three different parts of the sector. These sales were driven by the need to improve the efficiency and control of business processes, with compliance concerning regulatory and industry requirements also an important consideration.

In the wealth and resource management sectors we made significant sales to two customers whose primary concern was the ability of the Invu software to effectively manage records with effective capture, storage and retrieval which could then facilitate process improvement through the use of workflow.

In the social enterprise sector we made a significant sale to a Dutch enterprise supporting disabled people. This sale was primarily driven by the need to improve efficiency and control of document processing.

In the manufacturing and related services sectors we made sales to four customers whose businesses were involved in oil and gas exploration, food processing, automotive parts distribution and construction services. These sales were primarily driven by the need to improve efficiency and control of document processing.

Delivering market-driven innovation

In the first quarter we made available to all customers a new software release which continued the theme of making documents and workflow available anywhere. This release, as well as supporting the latest platforms and using the latest technology (.Net4), offered invoice processing functionality applicable to small and medium size business, provided simple records management and enabled portals for the accountancy sector.

In the fourth quarter we made available our latest software release which included, performance improvements for indexing, improvements to drag and drop usability, improved capability in search and explore functionality where a large number of documents are being returned, SQL Server 2012 support, Windows 8 support for client installations, custom barcode splitting and improvements to PDF handling.

Outlook

The UK economy is expected to continue to perform weakly in our next financial year to 31 January 2014. As the majority of our business comes from UK customers, we are anticipating this will be another demanding year. Our first quarter performance has been consistent with our expectations. Over the full financial year we intend to continue to build on the stable base we have created during last three financial years.



Colin Gallick
Chief Executive Officer
15 May 2013

Revenue generated in the year was broadly flat at £2.7 million. Revenue comprises the sale of software and related implementation and installation services (37.2%: last year 38.7%) and the sale of annual software support contracts (62.8%: last year 61.3%). The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and revenue, the key performance metric is the renewal rate which was 88% (last year 90%).

The gross profit has increased to £2.3 million from £2.2 million. This represents an improvement in the gross margin percentage from 81.9% to 84.7%. This improvement is the result of favourable sales mix in both the distribution channel and the mix of software and services sold.

Administrative expenses decreased from £2.3 million to £2.0 million. Headcount related costs are the major constituent of administrative expenses and these decreased by £0.2 million due to a combination of lower headcount; average headcount was 28 compared to 32 last year, and lower incentive payments. The other major contributor to the decrease was a £0.1m decrease in depreciation and amortisation expense.

Finance costs were £0.2 million lower than last year as a result of the first full year of benefit of the conversion of £2.4 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 net profit of £0.3 million (2012: loss £0.2 million) results in an earnings per share of 0.06 pence compared to a loss per share of 0.07 pence in the previous year.

The operating cash generation was £0.2 million (2012: £0.1 million). This arose from an adjusted EBITDA profit of £0.4 million (2012: £0.1 million) and cash consumption from working capital of £0.2 million. An improvement in debtor days sales outstanding from 71 days to 42 days, helped reduce debtors by £0.1 million. This improvement in debtors was more than offset by payments made to reduce trade and other payables of £0.3 million.

An important part of working capital is the deferred service revenue related to customer care and other services and this remained stable at £1.1 million.

Net cash generation in the period was at the same level as last year £0.2 million and this resulted in a closing cash balance of £0.8 million (2012: £0.6 million).

The consolidated balance sheet, following the net profit of £0.3 million, shows a shareholders' deficit of £0.5 million compared to a £0.8 million deficit last year.

The Company balance sheet shows shareholders' funds of £1.1 million compared to £2.0 million last year. This decrease arises from the loss in the company which is primarily caused by a provision of £1 million against the value of the investment in subsidiaries which now have a net book value of £1 million. This provision is the result of marking the investment in subsidiaries to market based on a valuation metric related to the company share price. The share price had declined from 0.42 pence at the end of last year to 0.21 pence at the end of the year.



Ian Smith
Finance Director
15 May 2013

Executive Directors**Colin Gallick, Chief Executive Officer**

Colin Gallick joined the board in April 2009. Colin has over 25 years' experience within the software industry. Before joining Invu Plc, Colin was CEO of SecEurope Ltd, later GuardedNet Inc, the Security Information Management vendor, where Colin set up the EMEA operations. GuardedNet Inc, was successfully sold to Micromuse Inc. Colin stayed with Micromuse until its subsequent acquisition by IBM in 2006. During his career, Colin has guided several growth stage technology companies to a successful exit. Colin has significant experience of working in global markets, including having been based in the USA. Colin 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 joined the board in August 2009. Ian is a chartered accountant. Ian has previously been the Chief Financial Officer and Company Secretary of Pursuit Dynamics PLC and the Chief Operating Officer and EVP Finance of nCipher plc. Ian's earlier career included senior financial management roles at Fisons Instruments, Inc. in the USA, and with Applied Research Laboratories SA in Switzerland.

Non-Executive Directors**Daniel Goldman, Non-Executive Chairman**

Daniel Goldman joined the board in May 1999 and replaced David Morgan as Chairman in 2002. Daniel is Founder and Partner of Goldrock Capital, managing a growth equity fund with a focus on technology driven companies and a private family office managing international investments. Daniel holds a degree in Engineering and Business Administration and studied corporate finance at the London Business School. Daniel 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. Mark 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. Mark is Chairman of the Audit and Remuneration committees.

Bernard Fisher, Non-Executive Director

Bernard Fisher joined the board in June 2000. Bernard has over 35 years' experience in the IT sector, both as an external advisor and in specific industry roles. Since June 2009, Bernard has been Executive Chairman of Casewise Systems, a leading UK based provider of Business Process Management Software. Prior to this, Bernard 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 Bernard's 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 Bernard remained one of two independent non-executive directors until 1996. Bernard has advised on and participated in the flotation (on both American and European exchanges), acquisition, recovery and disposal of over fifty companies. Bernard has been variously Chairman, CEO and CFO of some of these. Bernard 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 2013.

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 £0.32 million related to research and development (2012: £0.39 million). In addition, the Group capitalised £0.06 million (2012: £0.07 million) of qualifying development expenditure as required in accordance with IAS 38.

Results

The audited financial statements for the year ended 31 January 2013 are set out on pages 17 to 46. The Group's profit for the year after tax amounted to £0.3 million (2012: loss £0.2 million). As the Company does not have any distributable reserves 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.

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 37 days (2012 – 63 days) of average supplies for the year ended 31 January 2013.

Auditors

The directors who held office at 31 January 2013 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 the finance review and are set out below:

Indicator	2013	2012	Measure
Revenue £m	2.7	2.7	
Profitability ratio			
Gross margin	84.7%	81.9%	Gross profit as a percentage of turnover
Adjusted EBITDA £m	0.4	0.1	Earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of fixed assets, and share options charge.
Other indicators			
New installed sites	93	148	New customer sites installed in the year
Days sales outstanding	42	71	Computed using the exhaustion method
InvuCare renewal rate	88%	90%	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 2013.

Ordinary shares sub-division

On 25 June 2012 each of the 168,752,662 ordinary shares of £0.01 then in issue were sub-divided into one ordinary share of £0.001 and nine deferred shares of £0.001 each.

The deferred shares have no voting rights, are not entitled to dividends, are not transferable and have very limited rights on any return of assets on liquidation. There were no changes in the rights of the ordinary shares.

Annual General Meeting

The Annual General Meeting will be held at Invu, Blisworth Hill Farm, Stoke Road, Blisworth Northants, NN7 3DB on 18th June 2013 at 9am. The notice of the Annual General Meeting will be sent separately to shareholders.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Ian Smith', is positioned above the printed name and date.

Ian Smith, Director
15 May 2013

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 £0.0021 at 31 January 2013 (2012: £0.0042). The market price of the ordinary shares from 1 February 2012 to 31 January 2013 ranged from a low of £0.0019 to a high of £0.0047 (2011-2012: low of £0.0035 to a high of £0.0095).

Directors' remuneration

The remuneration of the directors is as follows:

	Salaries and fees £'000	Bonus £'000	Benefits in kind £'000	Total 2013 £'000	2012 £'000
Colin Gallick	131	41	20	192	275
Ian Smith	105	17	14	136	168
Daniel Goldman	-	-	-	-	30
Bernard Fisher	-	-	4	4	1
Mark Wells	37	-	-	37	37
	<u>273</u>	<u>58</u>	<u>38</u>	<u>369</u>	<u>511</u>

Pension contributions were

	2013 £'000	2012 £'000
Colin Gallick	6	6
Ian Smith	2	2
	<u>8</u>	<u>8</u>

The company pays Cortexplus Limited for the services of Mark Wells.

The directors remuneration table above has been audited.

During the year the following directors held options.

Share options £0.001 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	1.75p	30 Jan 13 to 30 Jan 22
Ian Smith	30 Jan 12	3,000,000	1.75p	30 Jan 13 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	1.75p	30 Jan 13 to 30 Jan 22
Ian Smith	30 Jan 12	6,200,000	1.75p	30 Jan 13 to 30 Jan 22

TO THE MEMBERS OF INVU PLC

We have audited the financial statements of Invu Plc for the year ended 31 January 2013 which comprise 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of the group's profit 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.

Report of the independent auditors

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.



*Andrew Viner (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 15 May 2013

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

INVU PLC**Consolidated Statement of Comprehensive Income
For the year ended 31 January 2013**

	Notes	2013 £'000	2012 £'000
Revenue	4	2,668	2,684
Cost of sales		<u>(409)</u>	<u>(487)</u>
Gross profit		2,259	2,197
Administration expenses		<u>(1,971)</u>	<u>(2,298)</u>
Profit/(Loss) from operations	5	288	(101)
Finance costs	7	<u>(9)</u>	<u>(167)</u>
Profit/(Loss) before income tax		279	(268)
Income tax credit	8	<u>26</u>	<u>42</u>
Profit/(Loss) for the year attributable to: Equity holders of the parent company		<u>305</u>	<u>(226)</u>
Total comprehensive income for the year attributable to: Equity holders of the Company		<u>305</u>	<u>(226)</u>
Profit/(Loss) per share			
Basic and diluted (pence per share)	9	<u>0.06</u>	<u>(0.07)</u>

The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

INVU PLC

Consolidated Balance Sheet
As at 31 January 2013

Company number 06283181	Notes	2013 £'000	2012 £'000
Non-current assets			
Intangible assets	10	122	137
Property, plant and equipment	11	18	24
		<u>140</u>	<u>161</u>
Current assets			
Trade and other receivables	13	549	634
Cash and cash equivalents	14	791	641
		<u>1,340</u>	<u>1,275</u>
Total assets		<u><u>1,480</u></u>	<u><u>1,436</u></u>
Current liabilities			
Trade and other payables	15	1,895	2,181
Borrowings	16	30	26
		<u>1,925</u>	<u>2,207</u>
Net current liabilities		<u>(585)</u>	<u>(932)</u>
Non-current liabilities			
Borrowings	16	34	64
		<u>34</u>	<u>64</u>
Total liabilities		<u><u>1,959</u></u>	<u><u>2,271</u></u>
Net liabilities		<u><u>(479)</u></u>	<u><u>(835)</u></u>
Equity			
Share capital	19	4,738	4,738
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	361
Share option reserve	20	297	246
Reverse acquisition reserve	20	(20,570)	(20,570)
Retained earnings		13,816	13,511
Foreign currency translation reserve	20	63	63
		<u>(479)</u>	<u>(835)</u>
Total deficit attributable to:		<u><u>(479)</u></u>	<u><u>(835)</u></u>
Equity holders of the Company			

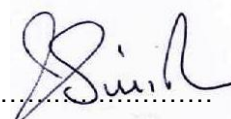
The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 15th May 2013 and were signed on its behalf.

C Gallick, Director.....



I Smith, Director.....



INVU PLC
Company balance sheet
As at 31 January 2013

Company number 06283181

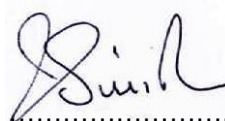
	Notes	2013 £'000	2012 £'000
Non-current assets			
Investments	12	1,297	2,246
		<u>1,297</u>	<u>2,246</u>
Current assets			
Trade and other receivables	13	1	-
Cash and cash equivalents	14	-	-
		<u>1</u>	<u>-</u>
Total assets		<u>1,298</u>	<u>2,246</u>
Current liabilities			
Trade and other payables	15	164	179
Borrowings	16	30	26
		<u>194</u>	<u>205</u>
Net current liabilities		<u>(193)</u>	<u>(205)</u>
Non-current liabilities			
Borrowings	16	34	64
Total liabilities		<u>228</u>	<u>269</u>
Net assets		<u>1,070</u>	<u>1,977</u>
Equity			
Share capital	19	4,738	4,738
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	361
Share option reserve	20	297	246
Retained earnings		(5,142)	(4,184)
Total equity attributable to:			
Equity holders of the Company		<u>1,070</u>	<u>1,977</u>

The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 15th May 2013 and were signed on its behalf.



.....
C Gallick
Director



.....
I Smith
Director

Consolidated statement of changes in equity
For the year ended 31 January 2013

	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)
	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 2012	4,738	375	29	412	361	246	(20,570)	13,511	63	(835)
Total comprehensive income	-	-	-	-	-	-	-	305	-	305
Movement on share option reserve	-	-	-	-	-	51	-	-	-	51
At 31 January 2013	4,738	375	29	412	361	297	(20,570)	13,816	63	(479)

The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

Company statement of changes in equity
For the year ended 31 January 2013

	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
	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 2012	4,738	375	29	412	361	246	(4,184)	1,977
Total comprehensive income	-	-	-	-	-	-	(958)	(958)
Movement on share option reserve	-	-	-	-	-	51	-	51
At 31 January 2013	4,738	375	29	412	361	297	(5,142)	1,070

The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

INVU PLC**Consolidated cash flow statement
For the year ended 31 January 2013**

	Notes	2013 £'000	2012 £'000
Net cash inflows from operating activities	22	228	140
Taxation		26	77
Investing activities			
Purchases of property, plant and equipment and intangibles		(8)	(35)
Sales of property, plant and equipment		-	1
Expenditure on internally developed intangible assets		(61)	(54)
Net cash used in investing activities		(69)	(88)
Financing activities			
Net proceeds from the issue of shares		-	677
Borrowings (repaid)		(26)	(535)
Interest paid		(9)	(100)
Net cash (used in)/generated by financing activities		(35)	42
Net increase in cash and cash equivalents		150	171
Cash and cash equivalents at the beginning of the year		641	470
Cash and cash equivalents at the end of the year	14	791	641

The accompanying accounting policies and notes on pages 24 to 46 are an integral part of these consolidated financial statements.

INVU PLC**Company cash flow statement
For the year ended 31 January 2013**

	Notes	2013 £'000	2012 £'000
Net cash generated by/(used in) operating activities	22	<u>35</u>	<u>(42)</u>
Financing activities			
Net proceeds from the issue of shares		-	677
Borrowings (repaid)		(26)	(535)
Interest paid		<u>(9)</u>	<u>(100)</u>
Net cash (used in)/generated by financing activities		<u>(35)</u>	<u>42</u>
Net (decrease)/increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		<u>-</u>	<u>-</u>

The accompanying accounting policies and notes on pages 24 to 46 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 2014 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 implementation and installation 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
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.

The expense arising each year from share based payments is charged to the relevant employing subsidiaries and classified as a capital contribution to subsidiaries by the Company.

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 2012

No new standards, interpretations and amendments, have been applied for the first time from 1 February 2012, 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), borrowings (note 16) the interest rate used to calculate the liability element of the convertible loan is

2. PRINCIPAL ACCOUNTING POLICIES (continued)

based on an estimated interest rate that equates to the rate that the Company would have been able to borrow debt at, should it have no convertible element 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 ended 31 January 2012 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

3. FINANCIAL RISKS (continued)

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.

3.2 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 and working capital management 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, take on new debt, or sell assets to reduce debt.

4. SEGMENTAL ANALYSIS

The board is the chief operating decision maker and they review the group results together with the gross margin and other measures for decision making purposes. On this basis it is considered that as the group's activities are operated largely through a common infrastructure and support function its activities constitute one operating segment.

The segment results are as follows:

	2013	2012
	£'000	£'000
Revenue by service:		
Sale of software licences and related services	992	1,040
Sale of software maintenance contracts	1,676	1,644
Revenue	2,668	2,684
Gross profit	2,259	2,197
Profit/(Loss) from operations	288	(101)
Profit/(Loss) before income tax	279	(268)
Profit/(Loss) for the year	305	(226)

Included in revenue above are £0.084 million (2012: £0.086 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 14% (2012: 7%) and another reseller who was responsible for 12% (2012: 17%) 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. PROFIT FROM OPERATIONS

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

	2013	2012
	£'000	£'000
Research and development expenditure	323	387
Depreciation of property, plant and equipment	13	35
(Profit)/Loss on disposal of tangible non-current assets	-	(1)
Amortisation of intangible assets	77	145
Auditors' remuneration:		
Audit of company	15	15
Audit of subsidiary undertakings	24	20
Share option charge	51	13
Loss on foreign exchange	3	2
Operating leases - land and buildings	38	40
- other	1	1

**Notes to the consolidated financial statements
For the year ended 31 January 2013**

6. STAFF COSTS

Staff costs charged to the consolidated income statement during the year amounted to:	2013	2012
	£'000	£'000
Wages and salaries	1,477	1,644
Social security	169	190
Pension costs	20	20
Capitalised development labour	(61)	(54)
Share option costs (note 21)	51	13
	<u>1,656</u>	<u>1,813</u>

The average number of people employed by the Group (including directors) during the year was 28 (2012: 32), there were no employees in the company for the current and prior year. At 31 January 2013 there were outstanding pension contributions of £3,000 (2012: £6,000). The Company provided no post-retirement benefits to its employees.

Included within staff costs are directors emoluments amounting to:	2013	2012
	£'000	£'000
Remuneration	369	511
Social security	42	48
	<u>411</u>	<u>559</u>
Pension contributions	8	8
Total emoluments	<u>419</u>	<u>567</u>
Share option costs	37	11
Key management personnel remuneration	<u>456</u>	<u>578</u>

During the year 2 (2012: 2) directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options (2012: nil).

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

	2013	2012
	£'000	£000
Emoluments	<u>192</u>	<u>275</u>
Pension	<u>6</u>	<u>6</u>

7. FINANCE COSTS

	2013	2012
	£'000	£'000
Other interest payable	<u>9</u>	<u>167</u>
	<u>9</u>	<u>167</u>

8. TAXATION

	2013 £'000	2012 £'000
Current taxation		
- Adjustment in respect of prior years	(26)	(42)
- Current tax charge	-	-
Total tax credit	(26)	(42)

The tax rate used for the reconciliations below is the corporate tax rate of 24% (2012: 26%) 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 profit/(loss) per the income statement as follows:

	2013 £'000	2012 £'000
Profit/(Loss) before taxation	<u>279</u>	<u>(268)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%)	67	(70)
Tax effect of:		
Expenses not deductible	2	47
Enhanced relief on research and development	(3)	(14)
Tax effect of share options	12	3
Fixed asset temporary differences	1	13
(Utilisation of)/unutilised losses carried forward	(79)	21
Research and development tax (credit)	(26)	(42)
Total tax (credit) for the year	(26)	(42)

9. EARNINGS PER SHARE

	2013 Number	2012 Number
Weighted average number of common shares in issue during the year	<u>473,752,662</u>	<u>320,083,512</u>
Basic profit per share	<u>0.06 p</u>	<u>(0.07)p</u>
Diluted profit per share	<u>0.06 p</u>	<u>(0.07)p</u>

The basic loss per share is based on the profit after taxation of £305,000 (2012: loss £226,000) and on the weighted average number of shares in issue during the year of 473,752,662 (2012: 320,083,512). The deferred shares are excluded from this computation as they have no dividend rights.

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 increasing the profit per share by virtue of saving of loan stock interest which would otherwise be payable.

Notes to the consolidated financial statements
For the year ended 31 January 2013

10. INTANGIBLE ASSETS

Group	Development costs £'000	Computer software £'000	Total £'000
Cost			
At 1 February 2011	717	118	835
Additions	68	4	72
Disposals	(317)	(80)	(397)
At 31 January 2012	468	42	510
At 1 February 2012	468	42	510
Additions	61	1	62
Disposals	(344)	(-)	(344)
At 31 January 2013	185	43	228
Amortisation			
At 1 February 2011	533	92	625
Charge for the year	121	24	145
Elimination on Disposal	(317)	(80)	(397)
At 31 January 2012	337	36	373
At 1 February 2012	337	36	373
Charge for the year	72	5	77
Elimination on Disposal	(344)	(-)	(344)
At 31 January 2013	65	41	106
Net book amount			
At 31 January 2011	184	26	210
At 31 January 2012	131	6	137
At 31 January 2013	120	2	122

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 assets.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 1 February 2011	183	84	267
Additions	17	-	17
Disposals	(110)	(57)	(167)
At 31 January 2012	90	27	117
At 1 February 2012	90	27	117
Additions	5	2	7
At 31 January 2013	95	29	124
Depreciation			
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
At 1 February 2012	67	26	93
Charge for the year	12	1	13
At 31 January 2013	79	27	106
Net book amount			
At 31 January 2011	38	4	42
At 31 January 2012	23	1	24
At 31 January 2013	16	2	18

No property, plant and equipment was held under the finance leases and similar hire purchase contracts at the end of the year (2012: £nil). No depreciation (2012: £nil) 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 2011	30,899	325	31,224
Additional capital contribution	-	15	15
At 31 January 2012	30,899	340	31,239
Cost			
At 1 February 2012	30,899	340	31,239
Additional capital contribution	-	51	51
At 31 January 2013	30,899	391	31,290
Provisions			
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)
At 1 February 2012	(28,899)	(94)	(28,993)
Provision against investments	(1,000)	-	(1,000)
At 31 January 2013	(29,899)	(94)	(29,993)
Net book value of investments			
At 31 January 2011	4,100	233	4,333
At 31 January 2012	2,000	246	2,246
At 31 January 2013	1,000	297	1,297

The provisions against investments in the current and prior year were as a result of the Directors' basing their best estimate of the fair value less costs to sell of the Company's investments in subsidiaries on the market value of the group as defined by the Company's share price which declined fifty percent in the year.

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

³ Held via Invu International Holdings Limited

² Held via Invu (UK) plc

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 2013.

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.

Notes to the consolidated financial statements
For the year ended 31 January 2013

13. TRADE AND OTHER RECEIVABLES

Current	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade receivables	489	588	-	-
Prepayments	60	46	1	-
	<u>549</u>	<u>634</u>	<u>1</u>	<u>-</u>

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 £96,000 (2012: £243,000) which are past due at the reporting date. The average age of these receivables is 56 days (2012: 56 days).

Aging of past due but not impaired receivables	Group 2013 £'000	Group 2012 £'000
30-60 days	61	164
60-90 days	32	73
90+ days	3	6
	<u>96</u>	<u>243</u>

Movement in bad debt provision	Group 2013 £'000	Group 2012 £'000
At 1 February	67	142
Amounts charged to Income Statement	1	2
Amounts written off	(34)	(77)
At 31 January	<u>34</u>	<u>67</u>

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 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash at bank and in hand	<u>791</u>	<u>641</u>	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements
For the year ended 31 January 2013

15. TRADE AND OTHER PAYABLES

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Current				
Trade payables	68	238	3	40
Other payables	121	172	49	48
Other taxation and social security	190	146	-	-
Accruals and deferred income	1,516	1,625	112	91
	<u>1,895</u>	<u>2,181</u>	<u>164</u>	<u>179</u>

All amounts above are payable within one year.

Of the above, £817,000 (2012: £1,157,000) relates to Group financial liabilities, and in the Company £164,000 (2012: £179,000) relates to financial liabilities, as referred to in note 2 and included in note 17.

Group accruals and deferred income above includes £1,077,000 of deferred revenue (2012: £1,114,000). There was no deferred revenue in the Company (2012: nil).

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

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Current				
Current portion of convertible loan notes	30	26	30	26
	<u>30</u>	<u>26</u>	<u>30</u>	<u>26</u>
Borrowings with a maturity greater than one year	<u>34</u>	<u>64</u>	<u>34</u>	<u>64</u>

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 which is 12 August 2014. The equity element is shown in equity as £375,000 (2012: £375,000).

Notes to the consolidated financial statements
For the year ended 31 January 2013

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.

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Financial assets				
Loans and receivables:				
Trade receivables	489	588	-	-
Cash and cash equivalents	791	641	-	-
	<u>1,280</u>	<u>1,229</u>	<u>-</u>	<u>-</u>
Financial Liabilities				
Borrowings short term	(30)	(26)	(30)	(26)
Borrowings long term	(34)	(64)	(34)	(64)
Trade and other payables	(817)	(1,157)	(164)	(179)
	<u>(881)</u>	<u>(1,247)</u>	<u>(228)</u>	<u>(269)</u>

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 2013				
Borrowings short term	(15)	(15)	-	-
Borrowings long term	-	-	(34)	-
Trade and other payables	(817)	-	-	-
	<u>(832)</u>	<u>(15)</u>	<u>(34)</u>	<u>-</u>
As at 31 January 2012				
Borrowings short term	(14)	(12)	-	-
Borrowings long term	-	-	(64)	-
Trade and other payables	(1,157)	-	-	-
	<u>(1,171)</u>	<u>(12)</u>	<u>(64)</u>	<u>-</u>

Notes to the consolidated financial statements
For the year ended 31 January 2013

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. No deferred tax asset has been recognised in respect of these losses as their future utilisation is uncertain.

Country	Unrelieved tax losses 2013 £'000	Unrelieved tax losses 2012 £'000
UK	<u>11,179</u>	<u>11,379</u>
	<u>11,179</u>	<u>11,379</u>

19. SHARE CAPITAL AND SHARE PREMIUM**Group and Company**

	2013 £'000	2012 £'000
Authorised, allotted and fully paid:		
168,752,662 (2012: nil) £0.001 ordinary shares	169	-
168,752,662 £0.01 ordinary shares	-	1,688
1,518,773,958 (2012: nil) £0.001 deferred shares	1,519	-
305,000,000 (2012: 305,000,000) £0.01 A ordinary shares	<u>3,050</u>	<u>3,050</u>
	<u>4,738</u>	<u>4,738</u>

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.

On 25 June 2012 each of the 168,752,662 ordinary shares of £0.01 then in issue were sub-divided into one ordinary share of £0.001 and nine deferred shares of £0.001 each.

The deferred shares have no voting rights, are not entitled to dividends, are not transferable and have very limited rights on any return of assets on liquidation. There were no changes in the rights of the ordinary shares.

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

19. SHARE CAPITAL AND SHARE PREMIUM (continued)

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 originally arose from the issue of ordinary shares, on 6 December 2007, in the reverse acquisition undertaken by Invu Inc. During the prior year the cumulative post merger provisions against the investment in shares in group undertakings (£28,899,000) was 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 £958,000 (2012: £2,344,000).

21. SHARE-BASED PAYMENTS

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 2013 amount to £51,000 (2012: £13,000).

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.

Notes to the consolidated financial statements
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21. SHARE-BASED PAYMENTS (continued)

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.

The movement on the schemes has been:

	2013	Weighted average Exercise price £	2012	Weighted average Exercise price £
	Number of Share options		Number of share options	
Outstanding at beginning of the year	37,450,080	0.020	10,618,939	0.026
Granted during the year	--	-	36,499,200	0.017
Forfeited during the year	(1,192,432)	0.012	(9,668,050)	0.015
Exercised during the year	-	-	-	-
Outstanding at the end of the year	36,257,648	0.021	37,450,080	0.020
Exercisable at the end of the year	13,108,228	0.014	357,995	0.285

The options outstanding at the 31 January 2013 had a weighted average exercise price of £0.021 and a weighted average remaining contractual life of 9 years (2012: 10 years).

The market price on 31 January 2013 of the £0.01 ordinary shares of Invu Plc was £0.0021 (2012: £0.0042). For the year ended 31 January 2013 the market price ranged from a low of £0.0019 to a high of £0.0047 (2012: a low of £0.0035 to a high of £0.0095).

The expense arising from share options grants is based on the computation of the estimated fair value at the date of grant of each share option. This is calculated by applying a binomial lattice option pricing model. 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.

Notes to the consolidated financial statements
For the year ended 31 January 2013

22. CASH GENERATED FROM OPERATIONS

Group	2013	2012
	£'000	£'000
Profit/(Loss) for the year	305	(226)
Adjustments for:		
Tax	(26)	(42)
Depreciation	13	35
Amortisation	77	145
(Profit)/Loss on disposal of property, plant and equipment	-	(1)
Employee share scheme expense	51	13
Interest expense	9	167
Changes in working capital:		
Trade and other receivables	85	(98)
Trade and other payables	(286)	147
Net cash generated by operating activities	<u>228</u>	<u>140</u>

Company	2013	2012
	£'000	£'000
Loss for the year	(958)	(2,344)
Adjustments for:		
Interest expense	9	167
Impairment of investments	1,000	2,100
Changes in working capital:		
Trade and other receivables	(1)	1
Trade and other payables	(15)	34
Net cash generated by / (used in) operating activities	<u>35</u>	<u>(42)</u>

23. CONTINGENCIES

Neither the Group nor the Company has any material contingent liabilities identified as at 31 January 2013 or 31 January 2012.

Notes to the consolidated financial statements
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24. COMMITMENTS

The Group's future minimum lease payments under non-cancellable operating leases, which all relate to the rental of the group's offices, are as follows:

	2013	2012
	£'000	£'000
Within one year	34	34
Between one and two years	17	34
Between two and five years	-	17
Total minimum lease payments	<u>51</u>	<u>85</u>

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

Neither the Group nor the Company has any capital commitments as at 31 January 2013 or 31 January 2012.

25. RELATED PARTY TRANSACTIONS

As at 31 January 2013, Accruals and deferred income for both the Group and the Company, include £23,373 (2012: £23,373) which has been loaned to the company by related parties. Included in these loans were £11,872 (2012: £11,872) which has been loaned by Tyne & Wear Holdings Limited ("T&W"), £5,803 (2012: £5,803) which has been loaned by Magpie Investments Limited ("MIL") and £5,698 (2012: £5,698) 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. The closing balance sheet included £52,500 (2012: £52,500) of accrued directors fees for Daniel Goldman not yet billed, for fees for the services provided by Daniel Goldman in prior years. D Goldman has waived his fees for services provided in the current year.

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

As at 31 January 2013, the Company owed intergroup companies £nil (2012: £nil). The Company entered into related party transactions with other group companies for recharges of professional fees from intergroup companies of £176,692 (2012: £120,744).

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.