COMPANY REGISTRATION NO. 06283181

INVU PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2016

Directors and advisors
For the year ended 31 January 2016

Directors

M Wells (Non-executive chairman)
I Smith
D Goldman (Non-executive)

Company Secretary

I Smith

Registered Office

Blisworth Hill Farm
Stoke Road
Blisworth
Northamptonshire
NN7 3DB

Auditors

BDO LLP
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

Bankers

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

Registrars

BritDAQ Limited
Richmond House
Eastbourne Road
Blindley Heath
Lingfield
Surrey
RH7 6JX

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Chairman's message

I am pleased to report the achievement of a profit for the year of £0.6 million and operating cash from operations of £0.6 million.

Business Model

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.

The Group sells licences of its own authored software and some third party software applications that complement its own software offering. The software licences are sold both directly to end users and through accredited resellers. The software requires installation and implementation by qualified personnel, the group or its accredited resellers offer these services to end user customers. The group offers annual support agreements, "InvuCare" which provide end users with technical support and the right to certain software upgrades free of charge.

Business Strategy

The Group's target market for its software solutions are medium and small sized businesses.

The group has changed its distribution strategy during the last five years from being a supplier of software products exclusively through a reseller channel to being a supplier of software solutions utilising direct sales, a reseller channel and an OEM partner, IRIS, for its most significant vertical market, the Accountancy Practices market. This strategy has resulted in the Group rationalising its reseller channel down from nearly 200 resellers to an active channel of less than 50 resellers.

The group is a Microsoft Gold Partner and Invu software is designed and developed using Microsoft software. The Group has chosen to licence rather than develop, some complementary software, and its chosen partner for document capture is ABBYY and for document print and distribution is Objectif Lune.

Business review

Group revenue increased by 10% to £3.15 million in the year. This was the result of a 5.6% increase in the revenue from InvuCare and a 17.2% increase in sales of software and related services.

Gross profit grew by 8.9% which is less than the sales growth because the gross margin percentage declined from 81.4% to 80.6% as a result of increased sales mix towards services. The invoice processing solution which provided much of the growth in sales has a higher services content than our traditional document management and workflow software solutions.

Adjusted EBITDA, as defined below, increased by 1% to £0.63 million. An increase in gross profit arising from the 10% increase in turnover was largely offset by increased overheads, primarily investment in research and development and sales and marketing for future growth.

Operating profit was flat at £0.6 million.

There is no interest expense as the Group had no debt.

Cash from operations was £0.60 million (last year £0.24 million) and the net cash increase in cash and cash equivalents was £0.57 million (last year £0.21 million), leaving a closing cash balance on cash and cash equivalents of £2.01 million (last year £1.52 million). The primary reason for higher cash generation this year is the operating performance with little net working capital consumption.

The balance sheet shows shareholders' equity of £0.92 million (last year £0.34 million) which arises primarily because of the profit in the year.

The Group remains firmly committed to research and development to maintain its position as a market leader. During the year the Group expensed £0.62 million related to research and development (2015: £0.47 million). In addition, the Group capitalised £0.03 million (2014: £0.01 million) of qualifying development expenditure as required in accordance with FRS102. In March 2015 the Group launched a new purchase order processing module, this along with improvements to the existing offerings in invoice processing and document management was the major part of development effort during the year.

Key performance indicators

The key performance indicators, including the management of profitability and working capital, monitored on an ongoing basis by management are set out below:

Indicator	**2016**	**2015**	**Measure**
Revenue £m	3.2	2.9	
Profitability ratio			
Gross margin	80.6%	81.4%	Gross profit as a percentage of turnover
Trading EBITDA £m	0.63	0.62	Earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of fixed assets, and share options charge.
Other indicators			
New installed sites	61	79	New customer sites installed in the year
Days sales outstanding	67	44	Computed using the exhaustion method
InvuCare renewal rate	96%	93%	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.		

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, 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.

ON BEHALF OF THE BOARD

Mark Wells, Chairman
5 July 2016

The directors present their report together with the audited financial statements for the year ended 31 January 2016.

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.

The Group sells licences of its own authored software and some third party software applications that complement its own software offering. The software licences are sold both directly to end users and through accredited resellers. The software requires installation and implementation by qualified personnel, the group or its accredited resellers offer these services to end user customers. The Group offers annual support agreements, “InvuCare”, which provide end users with technical support and the right to certain software upgrades free of charge.

Results

The audited financial statements for the year ended 31 January 2016 are set out on pages 7 to 25. The Group’s profit for the year after tax amounted to £0.6 million (2015: £0.6 million). As the Company does not have any distributable reserves the Board will not be recommending the payment of a final dividend.

Directors

The Directors who served during the year were as follows:

D Goldman
I Smith
M Wells

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the 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.

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.

Auditors

The directors who held office at 31 January 2016 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.

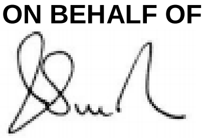
Indemnity Provisions

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 2016.

Annual General Meeting

The Annual General Meeting will be held at Invu, Blisworth Hill Farm, Stoke Road, Blisworth Northants, NN7 3DB on 29 July 2016 at 9am. The notice of the Annual General Meeting will be sent separately to shareholders.

ON BEHALF OF THE BOARD



Ian Smith, Director
5 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVU PLC

We have audited the financial statements of Invu Plc for the year ended 31 January 2016 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (FRC'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 FRC'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 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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.

Richard Wilson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Nottingham
5 July 2016

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

Consolidated Income Statement
For the year ended 31 January 2016

	Notes	2016 £'000	2015 £'000
Turnover	4	**3,154**	2,867
Cost of sales		**(613)**	(533)
Gross profit		**2,541**	2,334
Administration expenses		**(1,975)**	(1,770)
Group operating profit	5	**566**	564
Interest payable and similar charges	7	**-**	(1)
Profit on ordinary activities before taxation		**566**	563
Taxation on profit on ordinary activities	8	**13**	50
Profit for the financial year		**579**	613

There was no other comprehensive income in the current or prior year other than profit for the financial year.

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
As at 31 January 2016

Company number 06283181	Notes	2016 £'000	2015 £'000
Fixed Assets			
Intangible assets	9	**70**	86
Tangible assets	10	**12**	15
		82	101
Current assets			
Debtors	12	**721**	571
Cash at bank and in hand		**2,092**	1,523
		2,813	2,094
Creditors: amounts falling due within one year	13	**1,974**	1,851
Net current assets/(liabilities)		**839**	243
Net assets/(liabilities)		**921**	344
Capital and reserves			
Called up share capital	15	**4,746**	4,746
Share premium	15	**554**	554
Share option reserve	16	**288**	290
Merger reserve	16	**(20,131)**	(20,131)
Retained earnings		**15,464**	14,885
Equity/(Net deficit) attributable to owners of the parent company		**921**	344

The financial statements were authorised and approved for issue by the Board of Directors on 5 July 2016 and were signed on its behalf.

M Wells, Director……………………… I Smith, Director…………………….

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements.

Company number 06283181

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investments	11	**1,288**	1,290
		1,288	1,290
Current assets			
Debtors	12	**547**	632
		547	632
Creditors: amounts falling due within one year	13	**12**	28
Net current assets/(liabilities)		**535**	604
Net assets		**1,823**	1,894
Equity			
Share capital	15	**4,746**	4,746
Share premium	15	**554**	554
Share option reserve	16	**288**	290
Merger reserve	16	**439**	439
Retained earnings		**(4,204)**	(4,135)
Total equity attributable to:			
Equity holders of the Company		**1,823**	1,894

The financial statements were authorised and approved for issue by the Board of Directors on 5 July 2016 and were signed on its behalf.

M Wells
Director

I Smith
Director

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 January 2016

	Share Capital	Share premium	Share option reserve	Convertible debt option reserve	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2014	4,738	412	299	346	(20,131)	14,076	(260)
Issue of shares	8	142	-	-	-	-	150
Final settlement of convertible loan	-	-	-	(346)	-	196	(150)
Total comprehensive income	-	-	-	-	-	613	613
Movement on share option reserve	-	-	(9)	-	-	-	(9)
At 31 January 2015	4,746	554	290	-	(20,131)	14,885	344

	Share Capital	**Share premium**	**Share option reserve**	**Convertible debt option reserve**	**Merger reserve**	**Retained earnings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 February 2015	**4,746**	**554**	**290**	**-**	**(20,131)**	**14,885**	**344**
Total comprehensive income	**-**	-	-	-	-	**579**	**579**
Movement on share option reserve	**-**	-	**(2)**	**-**	-	-	**(2)**
At 31 January 2016	**4,746**	**554**	**288**	**-**	**(20,131)**	**15,464**	**921**

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements

Company statement of changes in equity
For the year ended 31 January 2016

	Share Capital	Share premium	Share option reserve	Convertible debt option reserve	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2014	4,738	412	299	375	439	(5,065)	1,198
Issue of shares	8	142	-	-	-	-	150
Final settlement of convertible loan	-	-	-	(375)	-	225	(150)
Total comprehensive income	-	-	-	-	-	705	705
Movement on share option reserve	-	-	(9)	-	-	-	(9)
At 31 January 2015	4,746	554	290	-	439	(4,135)	1,894

	Share Capital	**Share premium**	**Share option reserve**	**Convertible debt option reserve**	**Merger reserve**	**Retained earnings**	**Total**
At 1 February 2015	**4,746**	**554**	**290**	**-**	**439**	**(4,135)**	**1,894**
Total comprehensive income	**-**	-	-	-	-	**(69)**	**(69)**
Movement on share option reserve	**-**	-	**(2)**	**-**	-	-	**(2)**
At 31 January 2016	**4,746**	**554**	**288**	**-**	**439**	**(4,204)**	**1,823**

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements.

Consolidated statement of cash flow
For the year ended 31 January 2016

	2016	2015
	£'000	£'000
Cash flows from operating activities		
Profit on ordinary activities before taxation	**566**	563
Depreciation and amortisation of fixed assets	**61**	62
Interest payable	-	1
Share based payments (credits)/charges	**(2)**	(9)
(Increase)/decrease in trade and other debtors	**(150)**	20
Increase/(decrease) in trade and other creditors	**123**	(398)
Cash from operations	**598**	239
Interest paid	-	(1)
Taxation received	**13**	-
Cash flows from operating activities	**611**	238
Cash flows from investing activities		
Purchases of tangible fixed assets	**(12)**	(14)
Purchases of intangible fixed assets	**(30)**	(12)
Net cash from investing activities	**(42)**	(26)
Cash flows from financing activities	**-**	-
Net increase in cash and cash equivalents	**569**	212
Cash and cash equivalents at the beginning of the year	**1,523**	1,311
Cash and cash equivalents at the end of the year	**2,092**	1,523
Cash and cash equivalents comprise:		
Cash at bank and in hand	**2,092**	1,523
	2,092	1,523

The accompanying accounting policies and notes on pages 13 to 25 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Invu Plc is a private Company incorporated in England and Wales. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report.

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.

These financial statements are prepared in £'000.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in applying the Group's accounting policies.

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 February 2013. Therefore, the group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with IFRS 3, "Business Combinations" as applied at that time.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

• Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;

• No cash flow statement has been presented for the company; and

• Disclosures in respect of the parent company's share-based payment arrangements have not been presented, as equivalent disclosures have been provided in the group accounts.

The principal accounting policies of the company are set out below.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

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

The Directors have reviewed the Group's projected cash flows for the period through to 31 July 2017 (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.

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation.
Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives, which range between 3 and 4 years.

Intangible assets – research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Intangible assets – Computer software, software rights and licenses

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Investments

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

Property Lease

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

Financial assets

Short term debtors are measured at transaction price less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Share-based payments

The Company issues equity settled share based payments, utilising the shares of its parent Invu plc, 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 best estimate of the number 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 administrative expenses

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.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:
• The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
• Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
• Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

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 17), bad debt provisions (note 12), the capitalisation of internally generated intangibles (note 9), and the amortisation period for intangible assets and impairment reviews (note 2).

3. FINANCIAL RISKS

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.

4. ANALYSIS OF TURNOVER

The Group has one class of business, the design and sale of computer software for the electronic management of information and documents.

Analysis of turnover by country of destination:

	2016 £'000	2015 £'000
United Kingdom	**2,992**	2,709
Rest of Europe	**159**	143
Rest of the World	**3**	15
	3,154	2,867

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

5. PROFIT FROM OPERATIONS

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

	2016 £'000	2015 £'000
Research and development expenditure	**620**	474
Depreciation of tangible assets	**15**	15
Amortisation of intangible assets	**46**	47
Auditors' remuneration:		
Audit of company	**-**	6
Audit of subsidiary undertakings	**15**	10
Taxation	**4**	4
Bad debt	**4**	12
Loss/(gain) on foreign exchange	**3**	(2)
Share option (credit)/charge	**(2)**	(9)
Operating leases - land and buildings	**40**	40

6. STAFF COSTS

Staff costs charged to the consolidated income statement during the year amounted to:	**2016 £'000**	2015 £'000
Wages and salaries	**1,590**	1,353
Social security	**187**	166
Pension costs	**21**	15
Capitalised development labour	**(28)**	(20)
Share option costs (note 17)	**(2)**	(9)
	1,768	1,505

The average number of people employed by the Group (including directors) during the year is shown below. There were no employees in the company for the current and prior year.

	2016	2015
Management	**5**	5
Development and distribution	**18**	15
Sales, marketing and administration	**10**	9
	33	29

At 31 January 2016 there were outstanding pension contributions of £5,000 (2015: £3,000).The Company provided no post-retirement benefits to its employees.

Included within staff costs are directors emoluments amounting to:	**2016 £'000**	2015 £'000
Directors emoluments	**157**	178
Company contributions to money purchase pension schemes	**2**	2

During the year 1 (2015: 2) directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options (2015: nil).

7. FINANCE COSTS

	2016 £'000	2015 £'000
Convertible loan stock finance cost	**-**	1

8. TAXATION

	2016	2015
	£'000	£'000
Current taxation		
- Adjustment in respect of prior years	**(13)**	-
- Current tax charge	**-**	-
Deferred tax credit	**-**	(50)
Total tax for the year	**(13)**	(50)

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

	2016	2015
	£'000	£'000
Profit before taxation	**566**	563
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	**113**	118
Tax effect of:		
Expenses not deductable	**1**	2
Enhanced relief on research and development	**(17)**	(15)
Tax effect of share options	**-**	(2)
Fixed asset temporary differences	**4**	4
Utilisation of losses brought forward	**(101)**	(157)
Research and development tax (credit)	**(13)**	-
Total tax for the year	**(13)**	(50)

The provision for deferred tax is calculated on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer announced in the 2015 Summer Budget that the corporation tax rate would reduce from the current rate of 20% to 19% from April 2017 and 18% from 1 April 2020. These changes to the future tax rate were substantively enacted on 26 October 2015. The provision for deferred tax in the financial statements has been based upon the rate of 18% given that the timing differences are expected to reverse at this rate.

9. INTANGIBLE ASSETS

Group	Development costs £'000	Computer software £'000	Total £'000
Cost			
At 31 January 2015	**254**	**43**	**297**
Additions	28	2	30
At 31 January 2016	**282**	**45**	**327**
Amortisation			
At 1 February 2015	168	43	211
Charge for the year	46	-	46
At 31 January 2015	**214**	**43**	**257**
Net book amount			
At 31 January 2015	**86**	**-**	**86**
At 31 January 2016	**68**	**2**	**70**

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

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

10. TANGIBLE FIXED ASSETS

Group	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 31 January 2015	110	37	147
Additions	11	1	12
At 31 January 2016	**121**	**38**	**159**
Depreciation			
At 1 February 2015	101	31	132
Charge for the year	13	2	15
At 31 January 2016	**114**	**33**	**147**
Net book amount			
At 31 January 2015	9	6	15
At 31 January 2016	**7**	**5**	**12**

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

11. INVESTMENTS

Company

	Shares in Group undertakings £'000	Capital contribution to subsidiaries £'000	Total £'000
Cost			
At 1 February 2015	30,899	384	31,283
Decrease in capital contribution	-	(2)	(2)
At 31 January 2016	**30,899**	**382**	**31,281**
Provisions			
At 1 February 2015	(29,899)	(94)	(29,993)
Provision against investments	-	-	-
At 31 January 2016	(29,899)	**(94)**	**(29,993)**
Net book value of investments			
At 31 January 2015	1,000	290	1,290
At 31 January 2016	**1,000**	**288**	**1,288**

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

[1] Held via Invu 2007 Limited
[2] Held via Invu (UK) plc
[3] Held via Invu International Holdings Limited

All investments are held directly unless otherwise stated.

All principal subsidiary undertakings operate in their country of incorporation. The Group consolidates its subsidiary activities. The accounting year-end of the subsidiary undertakings consolidated in these financial statements on 31 January 2016.

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.

12. DEBTORS: amounts falling due within one year

Current	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	**591**	450	**-**	-
Amounts owed by group companies	**-**	-	**544**	629
Prepayments	**80**	71	**3**	3
Deferred taxation (note 14)	**50**	50	**-**	-
	721	571	**547**	632

13. CREDITORS: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade creditors	**82**	82	**4**	**15**
Other taxation and social security	**235**	195	**-**	**-**
Other creditors	**6**	28	**-**	**-**
Accruals and deferred income	**1,651**	1,546	**8**	**13**
	1,974	1,851	**12**	28

14. DEFERRED TAXATION

Group and Company

At the balance sheet date, the group has recognised a deferred tax asset of £50,000 (2015: £50,000) in relation to brought forward losses.

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 2016 £'000	Unrelieved tax losses 2015 £'000
UK	**9,482**	10,237
	9,482	10,237

15. SHARE CAPITAL AND SHARE PREMIUM

Group and Company

	2016 £'000	2015 £'000
Authorised, allotted and fully paid:		
176,752,662 (2015: 176,752,662) £0.001 ordinary shares	**177**	177
1,518,773,958 (2015:1,518,773,958) £0.001 deferred shares	**1,519**	1,519
305,000,000 (2015: 305,000,000) £0.01 A ordinary shares	**3,050**	3,050
	4,746	4,746

On 3 September 2014 the Company issued 8 million £0.001 ordinary shares in full settlement of a £200,000 convertible loan note which had been accounted for as a financial instrument resulting in an equity element of £150,000 being applied to share capital as £8,000 of share capital and £142,000 as share premium.

The A ordinary shares rank in priority to the ordinary shares, with respect to any distribution of assets of the Company on a winding-up, and have no rights to attend and vote at general meetings of shareholders of the Company, but otherwise rank pari passu in all respects with the issued ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on the Company's share capital.

The 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.

16. RESERVES

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 Retained Earnings reserve represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

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 profit for the financial year amounted to £69,000 (2015: £76,000).

17. SHARE-BASED PAYMENTS

The share option charge during the year ended 31 January 2016 amounted to a credit of £2,000 (2015: credit £9,000).

The company operates three share option plans: the 2015 Share option plan, 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) All share options granted to schemes existing prior to the 2015 share option plan have already vested
b) All grants currently issued under the 2015 share option plan vest on a straight line basis over a ten year period, the ability to exercise grants is subject to performance criteria based on market value.

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

All options, originally granted on 21 June 2010, that were outstanding as of 30 January 2012 were surrendered by employees as of that date and those employees received options granted as of 30 January 2012. The options granted as of 30 January 2012 to these employees have been accounted for as a modification, in accordance with FRS 102, to the options granted as at 21 June 2010.

The movement on the schemes has been:

	2016		2015	
	Number of Share options	**Weighted average Exercise price £**	Number of share options	Weighted average Exercise price £
Outstanding at beginning of the year	**17,728,648**	**0.024**	17,781,148	0.026
Granted during the year	**116,893,958**	**0.0016**	-	-
Forfeited during the year	**(16,200,000)**	**0.0175**	(52,500)	0.01
Exercised during the year	**-**		-	-
Outstanding at the end of the year	**118,422,606**	**0.0180**	17,728,648	0.024
Exercisable at the end of the year	**8,638,364**	**0.0171**	17,728,648	0.024

The options outstanding at the 31 January 2016 had a weighted average exercise price of £0.017 and a weighted average remaining contractual life of 9 years (2015: 7 years).

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:

17. SHARE-BASED PAYMENTS (continued)

	23/06/15	30/01/12	20/12/10	06/12/07
Market value at date of grant	£0.0013	£0.0042	£0.0065	£0.2850
Exercise price	£0.0016	£0.0100	£0.0100	£0.2850
Expected volatility	63.43%	85.2%	95.3%	29.0%
Expected dividend yield	0.0%	0.0%	0.0%	2.0%
Risk free interest rate	0.41%	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.

18. 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:

	2016 £'000	2015 £'000
Not later than 1 year	**33**	**33**
Later than 1 year but not later than 5 years	**17**	**50**
Total minimum lease payments	**50**	**83**

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

Neither the Group nor the Company has any capital commitments as at 31 January 2016 or 31 January 2015.

19. RELATED PARTY TRANSACTIONS

During the prior year the Company paid £47,000 related to a prior year liability for fees to Goldman Investments, a company whose majority shareholder is Daniel Goldman, a non-executive director of the Company.

D Goldman 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 £45,000 (2015: £42,983).

As at 31 January 2016, the Company owed intergroup companies £nil (2015: £nil). The Company entered into related party transactions with other group companies for recharges of professional fees from intergroup companies of £92,470 (2015: £124,506).

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. Their remuneration is disclosed in note 6.

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

20. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.