

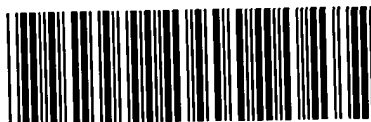
**IT GOVERNANCE LIMITED**

**Annual Report and Financial Statements  
for the year ended**

**31 March 2019**

**Company registration number 04418178**

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**Directors, officers and advisers**

**Directors:**

N Acworth  
A Brode  
A Calder  
C Hartshorne  
S Watkins

**Company Secretary:**

C Hartshorne

**Independent Auditor:**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Registered office:**

Unit 3 Clive Court,  
Bartholemew's Walk,  
Cambridgeshire Business Park,  
Ely, Cambridgeshire,  
CB7 4EA

**Bankers**

HSBC  
5 Butter Market  
Ely  
Cambridgeshire  
CB7 4PA

**Solicitors**

Mills and Reeve LLP  
Botanic House  
98-100 Hills Road  
Cambridge  
CB2 1PH

**Company registration number:**

04418178

**Directors' Report for the year ended 31 March 2019**

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

**Principal activity**

The principal activity of the company continued to be that of software development.

**Going concern**

The financial statements have been prepared on a going concern basis.

The Company operates as an integral part of the group headed by GRC International plc, the parent undertaking of the Company, and is reliant on working capital funding from the parent undertaking for the foreseeable future to continue as a going concern and to meet its liabilities as they fall due. A letter of support has been obtained from the parent company to cover future funding requirements for a period of not less than one year from the date of approval of these financial statements.

The parent company requires additional resources at the current time, to fund both its own cash requirements and for the financing of the group's operations. The projections, sensitivity analyses and evaluation of other facts and circumstances surrounding the parent company's ability to manage its existing cash requirements (including those of all of its subsidiaries which rely on its financial support) give the directors of the parent company a basis on which to consider that it will be able to provide the funds required by the Company' for a period of at least 12 months from the date of approval of these financial statements. The directors of the parent company expect that this will be achieved through the generation of operating cash inflows from improved profitability of group operations and/or the potential sale of the parent company's investments.

On this basis and having made appropriate enquiries of the directors of the parent company, the directors of the Company have concluded that it is appropriate to prepare the financial statements on a going concern basis.

However, the ability of the group to generate sufficient funds and manage its existing cash requirements successfully cannot be predicted with certainty. The group's forecasts assume revenue growth into 2020 and beyond, and the cost base of the group is based on this assumption. However, there is an inherent level of uncertainty associated with timing and quantum of revenue forecasting due to the rapidly changing environment, which may impact the group's ability to generate sufficient positive cashflow if revenue falls below the Board's expectations and it is not possible to reduce costs in line with this. However, the group's cost base is flexible and can be scaled to reflect market demand.

The group also has a cash requirement in respect of the deferred consideration related to the acquisition of a subsidiary. The group does not have the funds to meet this liability and hence the directors of the parent company are in discussion with the former shareholders in respect of alternative arrangements.

In the event that operating cash flows cannot be improved and positive developments in the settlement of acquisition-related cash flows are not forthcoming, there would be an adverse impact on the group's liquidity and, by extension, that of the Company. This indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern for the foreseeable future.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Directors**

The directors who served during the year were:

N Acworth  
A Brode  
A Calder  
C Hartshorne  
S Watkins

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

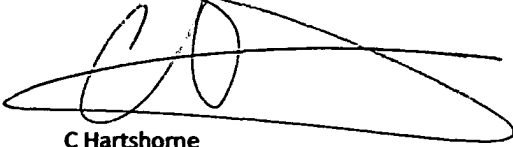
**Directors' Report for the year ended 31 March 2019 (continued)**

**Auditor**

The auditor, BDO LLP, who was appointed in the year, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 31 January 2020 and signed on its behalf.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the name and title of the director.

**C Hartshome**  
Director

**Directors' Responsibilities Statement  
For the Year Ended 31 March 2019**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

## **Independent auditor's report to the members of IT Governance Limited**

### **Opinion**

We have audited the financial statements of IT Governance Limited ("the Company") for the year ended 31 March 2019 which comprise the Income Statement, Balance sheet and Statement in Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. Note 1 explains that the ability of the Group and Parent Company is reliant on the Parent Company's ability to generate sufficient cash from the group's operations and/or successfully renegotiate the payment terms for acquisition-related cash outflows. If this cannot be achieved in a satisfactory manner, the Parent Company would need to raise additional funding, with no guarantee such funding would be secured.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Our opinion is not modified in relation to this matter.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

## IT Governance Limited

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.



Tim Neathercoat (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
31 January 2020

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

**Income Statement for the year ended 31 March**

	Notes	2019 £	2018 £
<b>Revenue</b>	1	14,099,165	14,831,411
Cost of sales		<u>(7,682,101)</u>	<u>(5,942,120)</u>
<b>Gross profit</b>		6,417,064	8,889,291
Administrative expenses		(10,624,071)	(7,611,708)
Other operating income		<u>32,425</u>	<u>21,875</u>
Operating (loss)/profit	2	(4,174,582)	1,299,458
Finance income	4	2,137	516
Finance costs	5	(9,515)	(9,902)
Share of post-tax loss of joint ventures accounted for using the equity method	7	(746)	-
(Loss)/profit before tax		<u>(4,182,706)</u>	<u>1,290,072</u>
Taxation	6	(38,208)	(175,864)
(Loss)/profit for the financial year		<u><u>(4,220,914)</u></u>	<u><u>1,114,208</u></u>

All of the company's loss (2018:profit) relates to continuing operations.

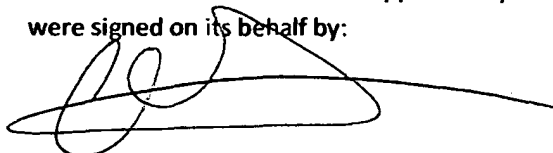
There was no comprehensive income or expenses in the year or preceding year other than as shown in the income statement.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Balance Sheet as at 31 March

	Notes	2019 £	2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	2,020,523	1,180,564
Property, plant and equipment	11	451,410	419,312
Investments accounted for using the equity method	7	10,041	-
Investments	8	29,906	29,906
Deferred tax	6	31,435	61,879
		<u>2,543,315</u>	<u>1,691,661</u>
<b>Current assets</b>			
Inventories	12	51,714	76,171
Trade and other receivables	13	3,958,899	2,879,850
Cash at bank	14	-	5,532,835
		<u>4,010,613</u>	<u>8,488,856</u>
<b>Current liabilities</b>			
Trade and other payables	15	(8,595,851)	(8,364,684)
Finance lease payables	17	(5,667)	(9,516)
Borrowings	16	(28,143)	(77,124)
Bank overdraft		(416,275)	-
Current tax		(303,857)	(296,093)
		<u>(9,349,793)</u>	<u>(8,747,417)</u>
<b>Net current Liabilities</b>		<u>(5,339,180)</u>	<u>(258,561)</u>
<b>Non-current liabilities</b>			
Borrowings	16	-	(2,384)
Finance lease payables	17	-	(5,667)
		<u>-</u>	<u>(8,051)</u>
<b>Net (liabilities)/assets</b>		<u>(2,795,865)</u>	<u>1,425,049</u>
<b>Equity</b>			
Called up Share Capital	20	50,251	50,251
Share premium		-	-
Retained earnings		(2,846,121)	1,374,793
Capital redemption reserve		5	5
<b>Total equity</b>		<u>(2,795,865)</u>	<u>1,425,049</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2020 and were signed on its behalf by:



Chris Hartshorne  
Director

Company registration number: 04418178

The accompanying accounting policies and notes form an integral part of these financial statements.

**Statement of Changes in Equity for the year ended 31 March  
For the year ended 31 March 2019**

	Called up Share capital (note 19)	Retained earnings	Capital redemption reserve	Total
	£	£	£	£
Balance at 1 April 2018	50,251	1,374,793	5	1,425,049
Loss for the year	-	(4,220,914)	-	(4,220,914)
<b>At 31 March 2019</b>	<b>50,251</b>	<b>(2,846,121)</b>	<b>5</b>	<b>(2,795,865)</b>

	Called up Share capital (note 19)	Share premium	Retained earnings	Capital redemption reserve	Total
Balance at 1 April 2017 (unaudited)	1,798	1,137,098	135,258	1	1,274,155
Profit for the year	-	-	1,114,208	-	1,114,208
Capital reduction	-	(1,137,098)	1,137,098	-	-
Dividends (note 18)	-	-	(951,320)	-	(951,320)
Purchase of own shares	(4)	-	(11,994)	4	(11,994)
Bonus issue	48,457	-	(48,457)	-	-
Transactions with owners	48,453	(1,137,098)	125,327	4	(963,314)
<b>At 31 March 2018</b>	<b>50,251</b>	<b>-</b>	<b>1,374,793</b>	<b>5</b>	<b>1,425,049</b>

## **Principal Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

### **General information and basis of accounting**

IT Governance Limited (IT Governance or 'the Company') is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered company number is 04418178 and the registered office is Unit 3 Clive Court, Bartholomew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA.

The principal activities of IT Governance Limited are as a one-stop shop for IT Governance including books, tools, learning and consultancy services.

### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling.

### **Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital management;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of GRC International Group plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the ultimate parent company GRC International plc. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The Company has adopted FRS101 in these financial statements.

### **Exemption from preparation of consolidated financial statements**

The financial statements contain information about IT Governance Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements as it is included by full consolidation within the consolidated financial statements of its ultimate parent company, GRC International plc, a company incorporated in the United Kingdom. These financial statements may be obtained from GRC International, Unit 3 Clive Court, Bartholomew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA.

### **Going concern**

The financial statements have been prepared on a going concern basis.

The Company operates as an integral part of the group headed by GRC International plc, the parent undertaking of the Company, and is reliant on working capital funding from the parent undertaking for the foreseeable future to continue as a going concern and to meet its liabilities as they fall due. A letter of support has been obtained from the parent company to cover future funding requirements for a period of not less than one year from the date of approval of these financial statements.

**Principal Accounting Policies (continued)**

**Going concern (continued)**

The parent company requires additional resources at the current time, to fund both its own cash requirements and for the financing of the group's operations. The projections, sensitivity analyses and evaluation of other facts and circumstances surrounding the parent company's ability to manage its existing cash requirements (including those of all of its subsidiaries which rely on its financial support) give the directors of the parent company a basis on which to consider that it will be able to provide the funds required by the Company for a period of at least 12 months from the date of approval of these financial statements. The directors of the parent company expect that this will be achieved through the generation of operating cash inflows from improved profitability of group operations and/or the potential sale of the parent company's investments.

On this basis and having made appropriate enquiries of the directors of the parent company, the directors of the Company have concluded that it is appropriate to prepare the financial statements on a going concern basis.

However, the ability of the group to generate sufficient funds and manage its existing cash requirements successfully cannot be predicted with certainty. The group's forecasts assume revenue growth into 2020 and beyond, and the cost base of the group is based on this assumption. However, there is an inherent level of uncertainty associated with timing and quantum of revenue forecasting due to the rapidly changing environment, which may impact the group's ability to generate sufficient positive cashflow if revenue falls below the Board's expectations and it is not possible to reduce costs in line with this. However, the group's cost base is flexible and can be scaled to reflect market demand.

The group also has a cash requirement in respect of the deferred consideration related to the acquisition of a subsidiary. The group does not have the funds to meet this liability and hence the directors of the parent company are in discussion with the former shareholders in respect of alternative arrangements.

In the event that operating cash flows cannot be improved and positive developments in the settlement of acquisition-related cash flows are not forthcoming, there would be an adverse impact on the group's liquidity and, by extension, that of the Company. This indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern for the foreseeable future.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Revenue recognition**

Revenue comprises revenue recognised in respect of goods and services supplied during the period, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In the context of physical products (such as books and printed literature) revenue is recognised at the point of dispatch. Revenue for digital products is recognised at the point where the product is made available to the customer.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## IT Governance Limited

Training course revenue is recognised in full on day one of course delivery. Invoices raised in advance of courses taking place are held on the balance sheet as deferred income.

Distance learning revenue is recognised at the date the online course is made available to the customer. Once the course is available to the customer the Company has fulfilled its contractual obligation to deliver. The date the user accesses and uses the course is not relevant.

Consultancy revenue is recognised in line with the work being delivered, based on the consultants estimate of the stage of completion. Invoices raised in advance of work being delivered are held on the balance sheet as deferred income.

### **Finance income and costs**

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

### **Investments**

Investments are stated at cost less provision for any permanent impairment.

### **Intangible assets**

#### ***Acquired intangible assets***

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

#### ***Internally developed intangible assets***

Expenditure on research activities is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on internal development assets.

Internal development assets include software, website costs, courseware, marketing tools, consultancy products and publishing products.

#### ***Subsequent measurement***

The useful lives of all intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement as administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

**Principal Accounting Policies (continued)**

**Subsequent measurement (continued)**

Amortisation is calculated on a straight-line basis over the estimate useful life of the asset as follows:

Trademarks	10 years
Software	5 years
Website costs	5 years
Marketing tools	3 years
Courseware	10 years
Publishing products	4 years
Consultancy products	10 years

Any capitalised internally developed intangible asset that is not yet complete is not amortised but is subject to impairment testing.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Leasehold improvements	10 years straight line basis
Computer equipment	25-33% reducing balance basis
Office equipment	25% reducing balance basis

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

**Impairment of non-financial assets**

At each balance sheet date, the Directors review the carrying amounts of the Company's non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

**Principal Accounting Policies (continued)**

**Impairment of non-financial assets (continued)**

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

**Inventory**

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At the balance sheet date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**Cash at bank**

Cash at bank comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

**Financial assets**

The Company classifies its financial assets as "loans and receivables" and assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Income Statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

**Financial liabilities**

The Company's financial liabilities include trade and other payables and borrowings.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method (the "EIR" method).

**Principal Accounting Policies (continued)**

**Financial liabilities (Continued)**

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Income Statement.

Loans and borrowings, including bank overdrafts, are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Foreign currency**

The presentation currency for the Company's financial statements is Sterling. Foreign currency transactions are recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the balance sheet date, with any exchange adjustments being charged or credited to the Income Statement, within "administrative expenses".

The Company's functional currency is Sterling.

**Current taxation**

Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

**Deferred taxation**

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Employment benefits**

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefits and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the Income Statement in the period to which the contributions relate.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The interest element of finance lease payments is charged to profit or loss as finance costs over the period of the lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Principal Accounting Policies (continued)**  
**Leases (continued)**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "Capital redemption reserve" represents the nominal value of shares repurchased by the Parent Company.

**Significant management judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions and accounting estimates are subject to regular review. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

**Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

***Capitalisation of internally developed intangible assets***

Determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. Management considers the criteria set out in IAS 38 in advance of capitalising any projects. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Should a different judgement be taken, the amounts capitalised may differ from those presented in note 9.

***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and timing differences on capital allowances can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. Judgement is also applied in the recognition of deferred tax assets in respect of losses, based on management's view of the availability of future profits to offset such losses.

**Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

***Recognition of service contract revenues***

Determining when to recognise revenues from services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market. There is judgement applied by management in measuring the stage of completion of the service being delivered at each balance sheet date, and consequently the value of revenue reported.

## Notes to the financial statements

## 1. Revenue

Revenue is all derived from continuing operations. The analysis of revenue by category:

	2019 £	2018 £
Point in time delivery	2,051,000	1,547,849
Provision of services	12,048,165	13,283,562
	<u>14,099,165</u>	<u>14,831,411</u>
Other income	32,425	21,875
Interest on cash deposits	2,137	516
	<u>14,133,727</u>	<u>14,853,802</u>

*Revenue by geographic destination*

Revenue across all operating segments is generated from the UK but includes overseas sales to other countries:

	2019 £	2018 £
UK	12,179,502	12,569,660
Non-UK	1,919,663	2,261,751
	<u>14,099,165</u>	<u>14,831,411</u>

## 2. Operating Profit

	2019 £	2018 £
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	178,949	107,491
Amortisation of intangible fixed assets	438,348	316,278
Auditor's remuneration:		
- Fees payable to the company's auditor for the audit of the company's annual accounts	25,000	25,000
(Gain)/loss on foreign exchange	(10,922)	38,241
Operating lease costs		
- Buildings	148,714	111,410
- Other	10,216	10,170

## 3. Directors and employees

The aggregate payroll costs of the employees were as follows:

	2019 £	2018 £
<b>Staff costs</b>		
Wages and salaries	6,353,237	7,275,850
Social security costs	722,328	822,837
Pension costs	108,482	35,292
	<u>7,184,047</u>	<u>8,133,979</u>

**Notes to the financial statements (continued)****3. Directors and employees (continued)**

Average monthly number of persons employed by the Company during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>By activity</b>		
Administration	75	83
Sales and distribution	19	94
	<u>94</u>	<u>177</u>

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Remuneration of Directors</b>		
Remuneration	-	628,250
Social security costs	-	82,166
Company pension contribution to defined contribution schemes	-	34,479
	<u>-</u>	<u>744,895</u>

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Emoluments of highest paid Director</b>		
Remuneration	-	275,000
Company pension contribution to defined contribution schemes	-	33,400
	<u>-</u>	<u>308,400</u>

Retirement benefits were accruing to 0 Directors under a money purchase pension scheme (2018: 2).

**4. Finance Income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on cash deposits	<u>2,137</u>	<u>516</u>

**5. Finance costs**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on overdrafts	2,962	-
Interest on loans	6,319	9,700
Interest on finance leases	234	202
	<u>9,515</u>	<u>9,902</u>

## Notes to the financial statements (continued)

## 6. Taxation

## Analysis of charge in the year

	2019 £	2018 £
Corporation tax – current year	-	152,999
Corporation tax – prior year adjustment	7,764	
Foreign tax – current year	-	1,890
Deferred tax – prior year adjustment	7,401	
Deferred tax – current year movement (see deferred tax table on page 21)	23,043	20,975
	<u>38,208</u>	<u>175,864</u>

	2019 £	2018 £
<b>(Loss)/profit before taxation</b>	(4,182,706)	1,290,072
Profit by rate of tax (2019: 19%; 2018: 19%)	(794,714)	245,114
Fixed asset timing differences	4,423	1,560
Losses carried back	32,655	
Expenses not deductible for tax purposes	16,994	39,696
Deferred tax asset not recognized on EUFT	-	1,890
Group relief	791	(35,528)
Deferred tax not recognized	-	-
Adjustments to deferred tax in respect of prior periods	7,401	-
Effect of change in tax rate	(2,711)	(1,356,)
Other movements	765,605	(2,329)
Prior year restatement	7,764	(73,183)
<b>Total tax</b>	<u>38,208</u>	<u>175,864</u>

The Finance Act (No2) 2015 included a reduction in the rate of corporation tax from 20% to 19% from 1 April 2017 and the Finance Act 2016 included a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. These tax law changes received Royal Assent before the balance sheet date and therefore are reflected in the deferred tax position.

At the balance sheet date, the Company has the following unused tax losses:

	2019 £	2018 £
Trading Losses (UK)	-	-
Non-trading loan relationship deficits	2,330	2,330

A deferred tax asset has been recognised in respect of all the tax losses as it is considered probable that there will be future taxable profits available. All losses may be carried forward indefinitely.

At the balance sheet date, a deferred tax asset has not been recognised for excess unrelieved foreign tax of £19,848 (2018: £19,848) on the basis that it is not considered probable that there will be future taxable profits available to utilise the double tax relief credit.

## Notes to the financial statements (continued)

## 6. Taxation (continued)

## Deferred tax:

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

Deferred tax assets and liabilities are offset where the Company has a legal enforceable right to do so.

	Fixed asset timing differences £	Retirement benefit obligations £	Short-term timing differences £	Tax losses (UK) £	Total £
At 1 April 2018	135,591	(750)	(141,205)	(76,490)	(82,854)
Prior year adjustment	-	-	(29,635)	-	(29,635)
Charge/(credit) to profit or loss	(51,659)	(1,068)	-	104,693	51,966
Effect of change in tax rate – income statement	5,438	112	-	(6,906)	(1,356)
At 31 March 2018	89,370	(1,706)	(170,840)	21,297	(61,879)
Charge/(credit) to profit or loss	18,020	1,706	24,614	(21,297)	23,043
Prior year adjustment	2,380	-	5,021	-	7,401
Effect of change in tax rate – Income statement	-	-	-	-	-
Deferred tax (asset) at 31 March 2019	<u>109,770</u>	<u>-</u>	<u>(141,205)</u>	<u>-</u>	<u>(31,435)</u>

## 7. Investments in Equity-Accounted Joint Ventures

The group has a 50% interest in a joint venture, IBITGQ, a separate structured vehicle incorporated and operating in Germany. It was set up as a partnership together with GASQ Service GmbH dedicated to the provision of training and the continued professional development of information security, business resilience and IT governance professionals.

The contractual arrangement provides the group with only the rights of the joint arrangement, with the rights to the net assets of the joint arrangement, with the rights to the assets and obligations for liabilities of the joint arrangement resting primarily with IBITGQ GmbH under IFRS 11 the joint arrangement is classified as a joint venture and has been included in the financial statements using the equity method.

The principal place of business of the joint operation is in Germany.

	2019 £
Additions	10,995
Loss for the period	(746)
Foreign exchange movement	(208)
	<u>10,041</u>

Notes to the financial statements (continued)

8. Investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
<b>Cost</b>			
At 1 April 2017 (unaudited)	997	28,909	29,906
Additions	-	-	-
At 31 March 2018	<u>997</u>	<u>28,909</u>	<u>29,906</u>
Additions	-	-	-
At 31 March 2019	<u>997</u>	<u>28,909</u>	<u>29,906</u>

## Notes to the financial statements (continued)

## 9. Subsidiaries

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Company		Class of shares owned
			2018	2017	
Vigilant Software Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Software development	England & Wales	100%	100%	Ordinary
IT Governance Europe Limited 6 <sup>th</sup> Floor, South Bank House, Barrow Street, Dublin 4, Ireland	Information technology governance services	Ireland	100%	100%	Ordinary
IT Governance Europe Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Consulting Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Franchising Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Publishing Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Sales Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Software Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
IT Governance Training Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
ITG Certification Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
ITG Qualifications Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary
ITG Security Testing Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Dormant company	England & Wales	100%	100%	Ordinary

## Notes to the financial statements (continued)

## 10. Intangible assets

	Consultancy products	Marketing Tools	Publishing products	Course- ware	Software	Website costs	Trade- marks	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
At 1 April 2017 (unaudited)	80,482	46,887	207,283	382,229	667,015	352,847	6,030	1,742,773
Additions	-	15,996	8,217	45,079	283,033	280,783	1,250	634,358
At 31 March 2018	80,482	62,883	215,500	427,308	950,048	633,630	7,280	2,377,131
Additions	-	-	452	63,019	521,646	693,190	-	1,278,307
At 31 March 2019	80,482	62,883	215,952	490,327	1,471,694	1,326,820	7,280	3,655,438
<b>Accumulated Depreciation</b>								
At 1 April 2017 (unaudited)	22,289	42,274	139,734	125,820	331,312	216,898	1,962	880,289
Charge for year	7,548	5,188	32,124	38,810	159,108	72,606	894	316,278
At 31 March 2018	29,837	47,462	171,858	164,630	490,420	289,504	2,856	1,196,567
Charge for year	8,687	7,377	23,118	40,618	213,673	143,958	917	438,348
At 31 March 2019	38,524	54,839	194,976	205,248	704,093	433,462	3,773	1,634,915
<b>Net book value</b>								
At 31 March 2019	41,958	8,044	20,976	285,079	767,601	893,358	3,507	2,020,523
At 31 March 2018	50,645	15,421	43,642	262,678	459,628	344,126	4,424	1,180,564

Amortisation is included within administrative expenses.

## Notes to the financial statements (continued)

## 11. Property, plant and equipment

	Leasehold improvements	Computer equipment	Office equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2017 (unaudited)	34,869	258,104	19,640	312,613
Additions	53,500	321,701	23,641	398,842
At 31 March 2018	88,369	579,805	43,281	711,455
Additions	41,508	160,286	16,779	218,573
Disposals	-	(12,990)	(1,848)	(14,838)
<b>At 31 March 2019</b>	<b>129,877</b>	<b>727,101</b>	<b>58,212</b>	<b>915,190</b>
<b>Accumulated Depreciation</b>				
At 1 April 2017 (unaudited)	15,755	154,185	14,712	184,652
Charge for year	7,985	94,459	5,047	107,491
At 31 March 2018	23,740	248,644	19,759	292,143
Charge for year	12,169	156,906	9,874	178,949
Disposals	-	(7,312)	-	(7,312)
<b>At 31 March 2019</b>	<b>35,909</b>	<b>398,238</b>	<b>29,633</b>	<b>463,780</b>
<b>Net book value</b>				
At 31 March 2019	93,968	328,863	28,579	451,410
At 31 March 2018	64,629	331,161	23,522	419,312

Depreciation is included within administrative expenses.

## 12. Inventories

	2019	2018
	£	£
Finished goods for resale	51,714	76,171

	2019	2018
	£	£
Amounts of inventories recognised as an expense during the year as cost of sales are:	201,223	40,532

	2019	2018
	£	£
Amounts of inventories impaired/(written back) during the year are:	7,725	(5,055)

## 13. Trade and other receivables

	2019	2018
	£	£
Trade receivables	1,279,427	2,129,169
Director's loan receivables	-	-
Amounts owed to group undertakings	2,083,047	378,024
Other receivables	70,531	61,301
Prepayments	525,894	311,356
	<b>3,958,899</b>	<b>2,879,850</b>

**Notes to the financial statements (continued)****16. Trade and other receivables (continued)**

The Directors consider the carrying value of trade and other receivables is approximate to its fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. The Company suffers a small incidence of credit losses.

At 31 March the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 March, analysed by the length of time past due, are:

	2019	2018
	£	£
Not more than 30 days	756,890	404,781
More than 30 days but not more than 60 days	296,273	74,397
More than 60 days but not more than 90 days	12,964	32,667
More than 90	58,944	70,850
	<u>1,125,071</u>	<u>582,695</u>

**17. Cash and cash equivalents**

	2019	2018
	£	£
Cash at bank (GBP)	(439,435)	5,433,312
Cash at bank (EUR)	228	6,978
Cash at bank (USD)	15,914	90,646
Cash at bank (AUD)	6,902	960
Cash at bank (other currencies)	116	939
	<u>(416,275)</u>	<u>5,532,835</u>

All significant cash and cash equivalents were deposited with major clearing banks with at least an 'A' rating.

**18. Trade and other payables**

Amounts falling due within one year:

	2019	2018
	£	£
Trade payables	1,380,512	1,931,226
VAT taxation	263,340	-
Other taxation and social security	133,385	321,383
Other payables	115,098	141,046
Amounts owed to group undertakings	5,360,743	4,356,729
Deferred income	1,202,162	1,347,117
Accruals	140,611	267,183
	<u>8,595,851</u>	<u>8,364,684</u>

## Notes to the financial statements (continued)

## 19. Borrowings

	2019	2018
	£	£
<b>Secured – at amortised cost</b>		
- Bank overdrafts	492,411	-
- Bank loans	-	2,297
- Other loans	28,143	77,211
	<u>520,554</u>	<u>79,508</u>
Current	520,554	77,124
Non-current	-	2,384
	<u>520,554</u>	<u>79,508</u>

**Summary of borrowing arrangements:**

The Company has an overdraft facility which comprised £500,000 at the end of 2019 (2018: £nil). The facility is uncommitted and secured with fixed and floating charges over the assets of the Company.

The Group has a number of loans in the periods presented. These are secured with fixed and floating charges over the assets of the Group and are summarised as follows:

1. Funding circle loan 3 – £140,640 in October 2014 over five years at 14.69% APR interest.
2. Directors' Pension scheme loan – £70,000 in October 2014 over five years at 9.5% APR interest.
3. Unsecured loan facility provided by Andrew Brode at an interest rate of 5% above the Bank of England Base rate to provide additional working capital.

The facility will be available to the Group until at least 31 December 2020 and will automatically renew for a further 12 months unless terminated by either party.

The loans from the directors' pension fund are secured by fixed charges over the registered trademarks.

## 20. Leasing arrangements

**Operating Leases**

Operating leases primarily relate to land and buildings and photocopiers.

The Company does not have an option to purchase any of the operating leased assets at the expiry of the lease periods.

Payments recognised as an expense are disclosed in note 2.

New operating leases were entered into in January 2017 with a term of 10 years, including a break clause in 2022, after 5 years.

**Aggregate future minimum lease payments under non-cancellable operating lease commitments**

	2019	2018
	£	£
<b>Land and buildings</b>		
Not later than 1 year	198,460	124,107
After 1 year and not later than 5 years	588,913	450,136
After 5 years	237,345	318,721
	<u>1,024,718</u>	<u>892,964</u>

**Notes to the financial statements (continued)****17. Leasing arrangements (continued)****Finance Leases**

The Company leased certain items of its equipment under finance leases.

The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Finance lease liabilities minimum lease payments:

	2019	2018
	£	£
Not later than 1 year	5,787	9,516
After 1 year and not later than 5 years	-	6,021
	<u>5,787</u>	<u>15,537</u>
Less: future finance charges	(120)	(354)
Present value of minimum lease payments	<u>5,667</u>	<u>15,183</u>

Finance lease liabilities are included in liabilities:

	2019	2018
	£	£
Current	5,667	9,516
Non-current	-	5,667
Present value of minimum lease payments	<u>5,667</u>	<u>15,183</u>

**18. Retirement benefit plans**

Benefits from the contributory pension schemes to which the Company contribute are related to the cash value of the funds at retirement dates. The Company is under no obligation to provide any minimum level of benefits.

The assets of the schemes are administered by trustees in funds independent of the Company.

During the year £108,482 was recognised in the Income Statement in relation to pension contributions (2018: £35,292). As at 31 March 2019 £nil is payable to pension schemes (2018: £nil).

**19. Dividends**

During the year the following dividends were paid:

	2019	2018
	£	£
Interim – Nil (2018: 3.41 pence) per ordinary share	-	731,320
Final – Nil (2018: 1.03 pence) per ordinary share	-	220,000
Total (amount shown in the statement of changes in equity)	<u>-</u>	<u>931,320</u>

**Notes to the financial statements (continued)**

**20. Called up Share capital**

The total allotted share capital of the company is:

**Authorised, allotted, issued and fully paid**

	2019		2018	
	Number	£	Number	£
Ordinary shares of £0.005 each	6,004,768	30,024	6,004,768	30,024
A Ordinary shares of £0.005 each	3,287,788	16,439	3,287,788	16,439
B Ordinary shares of £0.005 each	757,680	3,788	757,680	3,788
	<u>10,050,236</u>	<u>50,251</u>	<u>10,050,236</u>	<u>50,251</u>

**Repurchase of shares**

During the year the Company repurchased 745 A Ordinary shares for consideration of £11,994.

**Rights and obligations**

The directors may decide to pay dividends to the holders of each class of share on any basis which, in their sole judgement (acting in good faith), they consider appropriate. The Ordinary Shares, "A" Ordinary Shares and "B" Ordinary Shares in the Company shall otherwise rank pari passu in all respects, and the holders of all shares shall have the right (in particular) to receive notice of and to attend and vote at general meetings of the Company.

**21. Related party transactions**

**Director loans**

The Company has short-term receivable and payable loan arrangements with Alan Calder. Balances outstanding at each balance sheet date for these are disclosed in notes 12 and 14 respectively. These balances were settled subsequent to the reporting date.

**2018-2019**

The Company held no balance for the Director Loan Accounts as at 31 March 2019.

**2017-2018**

Dividends of £731,320 were declared to Alan Calder by the Company in December 2017 and Alan Calder repaid £3 leaving a balance of £Nil at the year end (2017 £731,323). An additional £220,000 was subsequently declared as a final dividend payment from the Company to Alan Calder.

## Notes to the financial statements (continued)

## 21. Related party transactions

Other related party borrowings transactions are as follows:

## Other loans

	Directors' pension scheme	
	£70,000 loan	Total
<b>Principal</b>		
At 1 April 2017 (unaudited)	40,272	40,272
Loans repaid	<u>(14,433)</u>	<u>(14,433)</u>
At 31 March 2018	25,839	25,839
Loans repaid	<u>(15,866)</u>	<u>(15,866)</u>
At 31 March 2019	<u>9,973</u>	<u>9,973</u>
	£70,000 loan	Total
<b>Interest</b>		
At 1 April 2017 (unaudited)	-	-
Interest accrued	1,775	1,775
Interest paid	<u>(1,775)</u>	<u>(1,775)</u>
At 31 March 2018	-	-
Interest accrued	4,419	4,419
Interest paid	<u>(4,419)</u>	<u>(4,419)</u>
At 31 March 2019	<u>-</u>	<u>-</u>

All loan notes terms' are described in note 16. Interest is accounted for on an effective interest basis and included within borrowings on the Balance Sheet.

Other related party transactions are as follows:

Xanthos Limited is considered a related party entity as Alan Calder is a co-owner of that company with his spouse (who runs the business) and was also a director of that company until March 2017.

Xanthos sub-lets office space from the Company, which comprises the other income received by the Company as disclosed in note 2. Transactions were carried out on an arms-length basis. Outstanding amounts due from Xanthos at 31 March 2019 were Nil (2018 £2,100).

The Group also makes purchases from Xanthos. During the year to 31 March 2018 the Group made purchases totalling £661,690 from Xanthos (2018: £464,052). Outstanding amounts payable to Xanthos at 31 March 2019 totalled £99,491 (2018: £27,709).

## 22. Ultimate parent company and controlling party

At 31 March 2019, the company's immediate and ultimate parent company was GRC International plc, a public limited company incorporated in England listed on the AIM market of the London Stock Exchange. The largest and smallest group for which consolidated financial statements are drawn up is GRC International Group plc. Copies of these statements are available from Companies House and the group's website, [www.GRCI.group](http://www.GRCI.group)