i-nexus
Strategy Execution Software

i-nexus Global plc

Strategy Execution Software

Annual Report and Accounts 2019

Setting the standard for Strategy Execution

Welcome to our 2019 Annual Report

At i-nexus, we believe that by digitally transforming Strategy Execution, our customers take control and ensure that every action, measurement and decision contributes to achieving organisational goals

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Strategy Execution Software

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2019 Highlights:

Increasing traction with our existing accounts

New Monthly Recurring Revenue (MRR) from existing clients three times higher than previous year

Unlocking potential through investments

Investments made in personnel across the Company, ensuring we have the right structure to address our market opportunity and support our customer base

Moved our operations to the cloud, significantly increasing our scalability as a business

Step change in our product capabilities

Early adopter program launch of i-nexus Pulse and i-nexus Advisor, bringing increased analytics and a more intuitive user experience to our enterprise solution

Refocused value proposition and messaging

Selected targeting of enterprises who are mature in their Strategy Execution and ready for a technology solution

Our messaging now focuses on de-risking strategy and the digitalisation of Strategy Execution

Increased traction with partners

Increased our partners from one to six and leads emerging from this new route to market

STRATEGIC REPORT:
Company Overview

The i-nexus platform enables organisations to digitally transform their Strategy Execution, empowering them to execute their strategies successfully, drive business transformation and deliver Continuous Improvement.

Our Vision

To inspire organisations to focus on best in class Strategy Execution by delivering a technology platform that removes complexity, accelerates delivery, and puts leaders in control of delivering their goals.

Our vision is built on three key principles:

- Taking ownership: our industry standing, expertise and leading technology keep us at the forefront of innovation in the emerging Strategy Execution market.
- Guiding the journey: our solutions provide customers of all sizes with the support they need to achieve their strategic, transformational and operational goals.
- Enabling transformation: our rigorous, systematic approach helps customers convert high-level strategies into actionable goals and deliver real-world business change.

What is the Problem?

When business leaders set out a new strategy, they expect the rest of the organisation to follow—yet most businesses find putting strategy into practice a significant challenge. If there's a disconnect between the decisions made in the boardroom and the day-to-day work of employees, strategic initiatives can easily be derailed.

If organisations fail to focus on Strategy Execution, things can start going wrong quickly. Failure to set and communicate clear goals means that people pursue the wrong objectives. Failure to gain buy-in prevents initiatives from achieving the expected results. Failure to track performance, alignment and results make it impossible to tell whether an initiative is working or not or potentially identify the root cause of a significant problem in the business operation.

How do we Solve it?

As the leader in today's Strategy Execution market, we provide a technology platform that helps organisations drive, monitor and control the day-to-day execution of strategy.

Our platform provides a rigorous, standardised methodology for managing strategic initiatives, cascading goals down through the organisation and measuring progress against the strategic plan. This approach empowers our customers to answer the key questions:

- How are we performing?
- Are our plans on track?
- Will we deliver our strategy?

We offer more than just technology. With over 15 years' experience in the space, our expert guidance helps organisations at all levels of maturity raise the profile of Strategy Execution within their business. Today, we support nearly 40 customers in managing over 150,000 strategic programmes around the world.

As a thought leader, our mission is to grow and educate the emerging market for Strategy Execution solutions. We are working towards a future where all organisations will recognize that digitalising their Strategy Execution is the best way to control the outcome. Strategy Execution software is critical to their success.

How Does the Platform Work?

Our platform fundamentally transforms the way organisations define, communicate, manage and monitor the execution of their strategies.

Instead of taking a manual approach of managing Strategy Execution with a mixture of documents, spreadsheets, project management tools and business analytics solutions, we provide a central, secure, cloud-based environment that acts as a single source of insight for all strategic, transformational and operational activities, and enables seamless end-to-end management.

Building on proven Continuous Improvement methodologies, our platform helps our customers to:

- Set, cascade and negotiate strategic goals throughout their organisation
- Manage, coordinate and track strategic programmes and projects
- Measure results and adjust initiatives in real time to drive improved performance

By enabling a relentless focus on Strategy Execution, supported by instant visibility, full accountability and a closed loop for feedback and improvement, our platform connects stakeholders from the boardroom to the rest of the organisation, helping to create a single team that works in harmony towards a clear, shared goal.

STRATEGIC REPORT:
Chairman's Statement

"During tough economic times large enterprises will focus unremittingly on being ever more competitive and we believe Operational Excellence and Strategy Execution are at the core of achieving these goals. For these enterprises to successfully implement such programmes requires automation and the i-nexus products offer a market leading solution to this challenge."

This is our first full year as a plc after our IPO in June 2018 and whilst recognising that in certain respects it has been a challenging year, with new client conversion being slower than anticipated, the team has focused on developing our product range in order to broaden our applicability to clients. The team continues to rise to the challenge of building an international enterprise SaaS (Software as a Service) business. Many aspects of the business have been transformed from a year ago.

The Company remains focused on developing, delivering and implementing cloud-based Operational Excellence (OE) and Strategic Execution (SE) ("SaaS") solutions to digitalise our customers' enterprise programmes. Our customers are typically Global 5000 companies running large, complex OE and SE programmes; it is within this setting that our technology platform has the greatest applicability and where it can add most value. Despite our relative size and stage of development, we count a growing number of large, well established enterprises as customers, which are increasingly using i-nexus at the core of their business processes.

As a Board, at IPO we defined three crucial areas of business development to take the business to the next stage, being:

- Enhance the Company's go-to-market capabilities
- Develop our products' capabilities
- Scale the Company's partner programme

The Company has invested significantly in all areas, but the substantial investment made in our go-to-market teams has not yet delivered the returns we had expected. However, we remain confident that our differentiated and enhanced technology offering, growing applicability and evolving customer relationships leave us well positioned for the future.

The Company has also invested heavily in our Customer Success teams in order to reduce churn and allow us to drive service and upsell revenues. Whilst frustrating that client churn, in particular at the start of the year, offset the progress made with new customer wins and upsell, this investment has resulted in a higher level of engagement with a greater number of prospects and stronger relationships with our existing customer base.

The quality, functionality and evolution of our product is critical to our ability to grow our applicability, retain and expand with our current customers and attract new ones. New EVP of Product, James Davies, has refocused our product strategy to meet the needs of the three distinct sets of users of i-nexus. Details of the advancements made will be covered in detail elsewhere in this report, but as a Board we are excited about where this can take us.

STRATEGIC REPORT:
Chairman's Statement continued

Part of our defined growth strategy is to expand our market reach through growing our partnerships with specialist consulting organisations. Pleasingly, we have seen a positive response from several organisations wishing to use our platform to replace the currently manual processes with a digital offering to deploy within their existing corporate clients. Potential partners see this as offering a competitive edge and embedding them more deeply with the organisations they support. It is early days, but traction is increasing and we expect to benefit from our partners delivering lower-cost, high-quality leads for i-nexus.

Notwithstanding the positive progress made, the Board recognises that during this period, sales have fallen short of our expectations. We expect good levels of cash inflows in Q2 from recently secured customer renewals (in some cases also benefiting from improved adoption), however it is vital that the business focuses on tight cash management. This is an ongoing key priority of Board and executive management.

On behalf of the Board, I would like to thank all i-nexus staff for the contribution they have made to the successful growth and development of the Group in 2019 through their hard work and collaboration.

In 2020, the Board and management of i-nexus Global plc are focused on improving the execution of our go-to-market strategy and continuing the progress made in 2019 on the other core strategic areas of development identified above, while maintaining the principle of careful cash management and sound governance.

Despite the challenging global headwinds, we look forward to the next 12 months with cautious optimism. During tough economic times large enterprises will focus unremittingly on being ever more competitive and we believe Operational Excellence and Strategy Execution are at the core of achieving these goals. For these enterprises to successfully implement such programmes requires automation and the i-nexus products offer a market leading solution to this challenge.

I look forward to engaging further with shareholders at our AGM in March.

Richard Cunningham
Chairman

STRATEGIC REPORT:
CEO's Statement

"We are operating in an attractive global market, with a wide scope of application for the Company's proven technology, in which the Company is well placed.

With a clear growth strategy, strong leadership, careful cash management, good governance and a significantly modernised product suite, i-nexus is well positioned to build on our progress to date."

Though last year was a year of strategic progress across many fronts, as a result of both internal and external factors, this progress did not translate into the level of overall revenue growth we had originally expected.

What we did see as encouraging, and testament to our strategic focus on Customer Success, was a substantial increase in upsell and cross sell to existing clients as our teams worked with customers to unlock the full potential of i-nexus' SaaS solution. This increase in upsell and cross sell and associated service revenue has helped offset slower than expected new deal conversion and the previously reported customer churn early in the year. The benefits of our platform when deployed effectively within method-mature customers is demonstrated by this increasing adoption at our existing customer base.

Our Growth Strategy

Strategy Execution is increasingly recognised as a fundamentally important process at the core of every enterprise which only becomes more complex and challenging to manage as the organisation grows. i-nexus' mission is to be synonymous with Strategy Execution; when organisations talk of delivering on their strategy, they should see i-nexus as a preferred solution.

At i-nexus we have a well-developed Hoshin Kanri strategic plan, which we have spent the past year executing on. This has been essential for us to deploy growth capital appropriately and carefully manage our own transformation.

The detail of the priorities we have had this year in terms of delivering on these Strategic Objectives are extensive, however I would like to pull out some key highlights that I think frame this year's result.

During FY19 the Company invested significantly in its Sales and Marketing capabilities. Despite this, our new business performance in the year was below our expectations. This is clearly very disappointing, but we remain encouraged and optimistic as to the quality and the development of our pipeline of new customer opportunities. As a result of the lessons learned in FY19, we are constantly reviewing and refining our approach to new business conversion. We believe that our ability to capitalise on the increased quality and volume of opportunities, both within existing and for new accounts, will improve as we implement further enhancements to our go-to-market strategy.

Where we have seen a stronger return on our investment is our reach within existing accounts. A strong team of Customer Success Executives, coupled with experienced new Account Executives have made great inroads in both growing the recurring revenue from our existing accounts and enhancing the visibility in and knowledge of our existing accounts to help de-risk churn.

We now have 100% coverage across all of our customer accounts, both in terms of regular senior level interaction and ongoing engagement.

STRATEGIC REPORT:
CEO's Statement continued

The introduction of a market leading success tool means we now have a live dashboard covering a variety of success measures to understand the health of all our accounts. These two things ensure that we really understand the health of a deployment both in terms of driving increasing adoption but also the potential risks or early warning signs that could lead to churn or a reduced renewal. Whilst our success in embedding our solutions with customers and driving reduction in churn will only truly be seen in this coming year, we have seen improved adoption across our customer accounts already.

This expanded reach within our customers and improved adoption provides i-nexus with the opportunity to add incremental service and recurring SaaS revenues. During FY19, we benefited from both upsell and cross sell within a number of our existing accounts, delivering additional Monthly Recurring Revenue (MRR), comparing favourably to the previous year. We are seeing a continuation of this trend so far in FY20.

Driving an innovative approach in product development has also been a strong focus this year in order to grow our applicability to clients and verticals that we can target.

Following a strategic product review earlier this year, i-nexus is pleased to announce that two new products, i-nexus Pulse and i-nexus Advisor, have been made available to select customers as beta products. The revised product suite now includes i-nexus Workbench (historically the company's flagship solution) as well as the two new products, i-nexus Pulse and i-nexus Advisor, both built on a new cloud-native architecture and both designed as mobile-fast applications supporting a range of devices.

I-nexus Pulse targets the majority of i-nexus users who need to quickly and easily enter updates to metrics and projects. i-nexus Advisor, on the other hand, provides Executives and strategy leaders with real-time visibility through data visualisation into the robustness of strategic plans, delivery of projects against these plans, and the measurable value attributed to the projects towards strategic objectives.

I-nexus Workbench remains focused on the needs of expert users and practitioners. A major release of Workbench is planned for H1 CY20, introducing a new user experience to match the modern interface introduced in i-nexus Pulse and i-nexus Advisor.

We have continued to develop relationships with potential channel partners, which is a critical adjunct to our direct sales capabilities. New partners are typically specialist Operational Excellence and Strategy Execution consulting firms looking to digitalise their current manual implementations. Across the sector, partners have acknowledged the need for such digitalisation if customers are to realise the true benefits of their Operational Excellence (OE) and Strategy Execution (SE) programmes, also recognising that manual implementation of complex, growing OE and SE programmes is unsustainable. What is positive is that these consulting firms are actively seeking us out, in search of a digital solution to offer their customers to differentiate them within their competitive landscape. This was a significant change in FY19 that we are looking to capitalise on. The challenge is to persuade partners and customers to move from predominantly in-house developed solutions. Although early days, these relationships are leading to opportunities for i-nexus with mature Operational Excellence and Strategy Execution customers who recognise the challenges of in-house implementation platforms.

Our People

Our people are pivotal in driving us forward and delivering on our goals. We have invested substantially in new employees this year to support our core strategies and to build out the structures and departments needed by i-nexus going forward. Our employee numbers have increased from 62 at the end of FY18 to 90 as at 30 September 2019. This growth has partly reversed post year-end. The Board has always, and continues to ensure prudent cash management is adopted in all investment decisions.

Looking Ahead

While we did not achieve the level of overall revenue growth we had expected in this reported period, the new financial year has started satisfactorily. Despite slower than expected progression, we have a stronger platform from which to grow, having created many exciting developments in our product, extended the reach within our existing accounts, improved partner channel relationships and have received great feedback from new and exciting customers.

We are operating in an attractive, global market, with a wide scope of application for the Company's proven technology, and in which the Company is well placed.

With a clear growth strategy, strong leadership, careful cash management, good governance and a significantly modernised product suite, i-nexus is well positioned to take advantage of our market position and the investments made to date.

Simon Crowther
Chief Executive Officer

STRATEGIC REPORT: Chief Financial Officer's Report

"Careful cash management will continue to be a priority focus for management and the Board for the foreseeable future."

Reported Revenue

Revenue was flat at £4.8m (FY18: £4.7m) as both internal and external factors adversely affected our rate of new deal conversion. The Group signed 8 new customers (FY18: 10), all under recurring contracts of at least one year in length, typically paid annually in advance. Upsell and Cross sell in our existing accounts were substantially higher in FY19, having added £35k Monthly Recurring Revenue ("MRR") (FY18: £10k). This is clearly encouraging and demonstrates a good initial return on our investments in Customer Success, however some exceptional and in part unexpected customer churn largely outweighed this growth, and we exited FY19 with closing MRR of £340k (FY18 exit MRR: £335k).

Revenue from recurring contracted software subscriptions was £4.0m (FY18: £4.0m) and from associated professional services was £0.8m (FY18: £0.7m). After a sound start to the year in terms of professional services billing, this also weakened in the second half, due to the lack of new deals, giving us the opportunity to invest resource in developing relationships with potential Channel Partners and existing accounts.

Gross Margin

Gross margin in the year was £3.5m, or 74% (FY18: £3.3m, or 69%) after accounting for commission payable to the Group's business partners. This improvement in margin demonstrates the results of our investment programme, as anticipated. Reported gross margin is the combined gross margin over both recurring software subscriptions and professional services.

Overheads

Overhead (defined as the aggregate of staff costs, other operating expenses but excluding those costs included in cost of sale, depreciation of tangible assets and amortisation of intangible assets, and share based payment charges) increased in the year from £4.1m to £7.8m. We have managed our post IPO investments in the light of weaker sales delivery to protect our cash position and overall P&L result and savings to our originally projected investment plan have been made without jeopardising our overall strategy for future growth. Included in these overheads was £0.1m of non-recurring administrative expenses. Interest expense at £67k is down on the previous year as debt has been repaid.

Capitalised development costs amounted to £0.6m in the year. The additional development capacity is contributing to the Group's products marketability and the product enhancements made recently are strategically important to us and our current customers and prospects.

Group loss before taxation rose from £1.0m in FY18 to £4.3m, a result that reflects the rate of investments made. At this critical stage in i-nexus growth, the investment has been necessary to fuel our ambition to become the leading enterprise software provider in the Strategy Execution market.

Cash Flow

The Group has cash and cash equivalents at the period end of £1.5m (2018: £6.9m). Gross debt at 30 September was £0.4m of which £0.2m was payable within one year.

The Group experienced a net outflow of funds from operating activities of £4.2m (2018 £1.6m). The Group had a cash outflow of £0.4m (2018 £0.2m) from the servicing of its debt finance.

The Group continues to apply treasury and foreign currency exposure management policies to minimise both the cost of finance and our exposure to foreign currency exchange rate fluctuations.

Careful cash management will continue to be a priority focus for management and the Board for the foreseeable future. We regularly undertake scenario planning and create contingency plans accordingly.

The Board's assessment in relation to going concern is included in Note 2 of the financial information. The Group principal risks and uncertainties are set out in the section Principle Risks and Uncertainties.

Capital Expenditure

The Group operates an asset light strategy and has low capital requirements, therefore expenditure on tangible fixed assets is low at 5% of revenue (2018: 3.4%).

Alyson Levett
Chief Financial Officer

STRATEGIC REPORT:
Principal Risks and Uncertainties

Although the Directors seek to minimise the impact of risk factors, the Group is subject to a number of risks which may have a material effect on its reputation, financial or operational performance. Key areas for on-going risk management are as follows:

Risk	Description	Mitigation
Implementation of Growth Strategy Failure to successfully implement its growth strategies.	The Board recognises that executing the Group's strategy may be difficult to implement/achieve and may not be as successful as planned. Pressure on management, limitations on operational and financial resources, the potential insufficiency of demand for the Group's products and a slower than anticipated market acceptance of the Group's products could lead to failure to successfully implement its strategies and so adversely affect the Group's reputation, prospects, results of operations, and its financial condition.	The Board monitors and manages these strategies against market conditions, monthly performance against budget and cash available.
Digitalising Strategy Execution Failure of the market to accept the need/urgency to digitalise their Strategy Execution	A large proportion of the Group's target market continues to use traditional methods and in-house developed systems to assist in their SE. The Board believes the market needs further education in the benefits of digitalising SE. Potential customers may prefer to "do nothing" and be unnecessarily cautious about investing in the Group's software. Failure by the Group to adequately explain the value proposition to increase the market's readiness to accept the technology will lead to slower than projected growth.	The Group has internal sales and marketing functions, which are also supported by a growing network of consulting partners, that work with potential customers to educate on the benefits the product can offer an organisation. The StratexHub and regular customer Consortias and Breakfast Briefing also promote this education.

Risk	Description	Mitigation
Account Proliferation Failure of our existing accounts to grow, resulting from dissatisfaction with the product and/or deployment issues.	An important aspect of the Group's growth strategy is to proliferate sales of its i-nexus software with existing customers as a result of the natural evolution of the software use over time. Although the Group has a number of examples where this has occurred in the past, this is no guarantee that it will continue to happen at the increasing rate predicted. Any failure of this anticipated account proliferation to happen will affect the Group's future success and adversely affect its business, prospects and results of operations and financial position.	One of the key strategies followed by the Group is investment in its Success teams aimed at broadening and deepening our reach within accounts. In addition our product strategy pivots around user experience at all levels which should drive greater adoption.
Dependence on Channel Partners Failure to develop this additional route to market effectively.	Part of the Group's strategy is to increasingly sell its software through channel partners. There are no guarantees that sufficient channel partners will be found to sell the Group's software at the rates planned. The Directors are confident that engagements to date by existing and prospective channel partners provide strong evidence of the opportunity in this regard. However, there is a risk that the loss of any one or more existing channel partners and/or failure to secure enough productive channel partners in the future could affect the Group's future success and adversely affect its business, prospects and results of operations and financial position.	Substantial focus has been maintained on this area this year. The CEO is personally heavily involved in the evolution of this strategic theme and the Board is closely monitoring progress.

STRATEGIC REPORT:
Principal Risks and Uncertainties continued

Risk	Description	Mitigation
Dependence on key Customers Failure to retain our larger key customers.	A small group of key customers provide nearly half of the Group's MRR. One of the Group's key customers represents approximately 15 per cent of current MRR and five other customers together represent approximately 30 per cent. of MRR. The Group's top ten customers generated 58 per cent of annual revenue in FY2019. The Group's financial performance is therefore partly dependent on the continued business relationship with these key customers. Failure to manage the ongoing renewal of the contracts with these key customers on a commercially acceptable basis could materially affect the Group's operations and/or its financial condition.	The Group has invested heavily in Success activities and its Sales and Account management teams. The introduction of industry leading Success Management software gives us the visibility we need across our key accounts and forms the basis of a clear strategy of interaction with them. Whilst this cannot guarantee renewal in the face of disruptive external factors we can't foresee or manage, risk is generally lower than a year ago.
Software Reliability Undetected defects in the software provided by the Group.	If the software provided to our customers contains undetected defects when first introduced or when upgraded then the group may fail to meet its customers performance requirements or otherwise satisfy contract specifications. As a result it may lose customers and/or become liable to its customers for damages and this may among other things damage the Group's reputation, business, prospects, results of operation and financial condition.	The Group targets significant investment in product R&D. This includes performance enhancements, bug fixes and integration of new technologies, all of which undergo substantial testing before releasing to customers. In addition the Group endeavours to negotiate limitations of liability clauses in its customers' contracts.
Software Applicability The i-nexus software may not perform as expected or meet customers' changing expectations quickly enough.	There is no guarantee that the i-nexus software will perform as intended or meet customer expectations either in terms of functionality, performance or usability. Costs spent on developing the i-nexus software may therefore not be recouped at the rate anticipated or at all, and this may result in reduced profitability for the Group.	Along with the substantial investment made in product R&D since IPO, the appointment of James Davies as EVP Product has led to a review of the Group's product strategy that has seen major enhancements of some strategic importance being developed in just 6 months. The Board feels that the Group's product strategy and R&D focus has been de-risked as a result of this.

Risk	Description	Mitigation
Market Growth Failure of Strategy Execution market to grow at the rate expected.	The Directors believe that there is strong evidence supporting the growth in the adoption of Strategy Execution software. However, there can be no assurance that this growth will happen at the rate envisaged by the Directors. If the market fails to adopt Strategy Execution software at the rate envisaged then this will affect the Group's future success and adversely affect its business, prospects and results of operations and financial position.	The Board do not consider this year's new deal performance to be indicative of an underlying weakness in the market for the Group's product. It is clear from competitor activity and Gartner and Forrester interactions that the Strategy Execution Management market is evolving and we expect a Magic Quadrant to be created in due course.
Competitors The Group may face competition in a rapidly evolving market.	The Group may face an increasing amount of competition in the future as the market expands, making entry to it more attractive. Whilst the Group has achieved its market position through a deep understanding of the market, and the 10 years of development of its i-nexus software which places the Group in a strong position, there is no guarantee that the Group's competitors and potential competitors (who may have significantly greater financial, marketing, service, support, technical and other resources than the Group) may be able to develop competing products, respond more quickly to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products, which could have a negative impact and disadvantage the Group's business. The entry into the market of strong, well funded competitors, could have a negative impact on sales volumes or profit margins achieved by the Company in the future.	The Group invests in R&D and product development to ensure that the product remains market leading. The recent addition of a highly experienced Head of Marketing gives the Board comfort that the marketing strategy will become increasingly robust and competitive.

STRATEGIC REPORT:
Principal Risks and Uncertainties continued

Risk	Description	Mitigation
Security Breaches & Cyber Attacks Vulnerability of the Group's systems to security breaches or cyber attacks.	The Group is a Data Processor for its customers' confidential data. Although the Group is ISO27001 accredited and therefore employs security and testing measures for the software it deploys and the broader security environment is well documented, these measures may not protect it from all possible security breaches that could harm the groups or its customers' business. Given the reliance of the Group on its information technology systems then its software is at risk from cyber attacks. Either of these security events may result in significant costs being incurred and other negative consequences including reputational damage and a loss of investor confidence.	The group takes its Information Security very seriously as demonstrated by its ISO27001 accreditation. Employees are trained in this area including the risks of phishing and the best practice for Information Security. The Group has cyber security insurance in place and the Group endeavors to secure limitations of liability clauses in its customer contracts.
International Operations Failure of the Group to adequately manage risks of operating internationally.	A substantial proportion of the Group's customers and prospects operate overseas and as a result the Group is exposed to various risks; operational challenges around distance, language and culture, human resource issues, foreign exchange movements and different legal and taxation environments.	North America represents a substantial proportion of the Group's revenue. As a result we invested in setting up a New York based team this year with both Sales/Account Management and Customer Support and Success teams member employed. The remainder of revenue flows from UK and Western European organisations that can be readily serviced from the UK. Other geographies are not being considered at this time.

CORPORATE GOVERNANCE:
Board of Directors

Richard Cunningham, Independent Non-Executive Chairman

Richard Cunningham is a technology entrepreneur who has built and sold a number of businesses and who has extensive experience in equity research, financial analysis and corporate finance, focusing on technology companies. He built one of the UK's leading independent corporate telecommunications service providers, Project Telecom Plc, before listing it on the London Stock Exchange and eventually selling it to Vodafone. Richard also founded Octium Ltd to "buy and build" a digital connectivity and applications business, which was exited successfully through a sale to MDNX. He is currently Chairman of two private technology businesses, CommonTime Ltd and Viewber Ltd. Richard also sits on the investment committee of Herald Ventures, the venture capital business of Herald Investment Management.

Simon Crowther, Chief Executive Officer

Simon Crowther joined the Company as Software Development Manager in 2006 and has worked within every key area of the business prior to becoming COO in 2013 and led a process of change and refocus of the business since becoming CEO in 2016. Simon has a background in software development, having also spent almost three years at Intascape (a division of See Tickets) as a senior software architect. He has two masters degrees from Birmingham University: one in mathematics and the second in computer science.

Alyson Levett, Chief Financial Officer

Alyson Levett joined the Company as Finance Director in 2012, assuming a strategic role and day-to-day responsibility for planning, implementing, managing and controlling all finance-related activity. Alyson has an extensive background in finance, including as Finance Director of Griffin Internet prior to its acquisition by MDNX in 2012. Alyson was also a Director of AML Financial Consultancy Limited, through which she provided consultancy services to businesses on a range of finance related matters. She has a masters degree in economics from Cambridge University and is a qualified Chartered Accountant.

Nigel Halkes, Independent Non-Executive Director

Nigel Halkes is an experienced Non-Executive Director and a former Managing Partner of Ernst & Young, UK & Ireland ("EY"). He is a Non-Executive Director of Hargreaves Services plc, an AIM listed company, where he chairs the audit committee and he is a Non-Executive Director of Tribal Group Plc, also an AIM listed Company. Nigel was also a Non-Executive Director of FreeAgent Holdings plc, a provider of cloud-based SaaS accounting software, which was admitted to AIM in November 2016 and was subsequently sold to Royal Bank of Scotland for £53 million on 1 June 2018. Nigel was a partner at EY for 25 years, during which time he led their Technology, Media & Telecommunications business through a period of sustained growth. In his leadership role at EY, Nigel was responsible for the UK firm's growth strategy, key account programme and the business development function.

CORPORATE GOVERNANCE:
Corporate Governance Statement

Chairman’s Introductory Statement on Corporate Governance

As Chairman, my role is to lead the Board, ensure it operates effectively and contains the right balance of skills, diversity and experience. The Board is collectively responsible for the long-term success of the Company and for setting and executing the business strategy. I believe our culture is consistent with the Company’s objectives, strategy and business model and is supportive in minimising our principal risks and uncertainties.

Good corporate governance is a key element of our business success and we have in place a strong and effective governance framework and practices to ensure that high standards of governance, values and behaviours are consistently applied throughout the Company. These elements are critical to business integrity and maintaining the trust of all stakeholders in i-nexus.

The following Corporate Governance Report contains a summary of the Company's governance arrangements and the regulatory assurances required under the UK Corporate Governance Code.

Overview

The Directors recognise the value and the importance of high standards of corporate governance. From 28 September 2018 AIM companies have been required to apply a recognised corporate governance code. The Company has adopted and complies with all 10 principles of the Corporate Governance Code published by the Quoted Companies Alliance (the QCA Code). The ways in which the Company complies with the QCA Code are identified below and can also be found on our website.

1. Long-term Value and Strategy

The Company’s business model is designed to promote long-term value for all stakeholders. It is explained more in the CEO Statement above.

2. Shareholder Engagement

The Company actively engages in dialogue with shareholders. The Chief Executive Officer and Chief Financial Officer regularly meet with institutional shareholders and analysts, including after the announcement of full year and half-year results, and are responsible for ensuring that their expectations are understood by the Board. In addition the Chairman is available should shareholders need his input. The AGM also provides an opportunity for all shareholders to engage and to ask questions of the Board. In addition, the Company engages with its shareholders through regular RNS communications to provide updates on financial and commercial matters.

3. Stakeholders

The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. The Company focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Company. The primary external stakeholders are customers. Along with the Customer Success teams that have regular interactions with the customer during the course of implementation of the Company’s solution and during the life of a customer contract to ensure that feedback can be provided and responded to, we also run a series of customer Consortia within our core geographies to share information with our customers and obtain their feedback on the strategic direction of the product. With the evolution of our channel partner programme we will look to develop some form of partner Forum, at which we will share information about our product and solicit feedback and market intelligence. For our primary internal stakeholders, employees, we create a motivational and supportive work environment to promote high performance and low turnover. Regular employee engagement events are held through live webinar due to the geographically dispersed nature of the Company’s workforce, and the CEO and members of the Executive team regularly hold local employee “town hall” meetings when visiting the global offices.

4. Risk Management

The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. More detail about the identified principal risks and uncertainties can be found on pages 10 to 14. The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The processes to identify and manage the key risks of the Company are an integral part of the internal control environment. Such processes, which are regularly reviewed and improved as necessary, include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure, ensuring proper accounting records are maintained, the appointment of senior management and the setting of high standards for health, safety and environmental performance.

5. Board Practice

The Board consists of the Chairman, two Executive Directors and one Non-Executive Director. The biographical details of the Board members can be found on page 15. The Board has determined Nigel Halkes is independent in character and judgement. The Chairman, Richard Cunningham, is not considered to be independent, however the Board considers that his long experience as Chairman of the Board of i-solutions Global Limited (which is the Operating entity of i-nexus Global plc) is of benefit to the Board in providing continuity of knowledge and additional industry expertise to the Company. The Board meets sufficiently regularly, at least ten times throughout the year. Meetings of the Non-Executive Directors without the Executive Directors being present are held at least annually. Further information on the Board, its constitution and procedures can be found below.

6. Board Composition and Performance

The Board considers its overall size and current composition to be suitable and have an appropriate balance of sector, financial and public markets skills and experience as well as an appropriate balance of personal qualities and capabilities. Further details on our compliance in this area can be found on page 18.

7. Board Evaluation

The Board recognises that it continually needs to monitor and improve its performance. This is achieved through an informal annual performance evaluation, full induction of new Board members and ongoing Board development activities. The Chairman is responsible for ensuring that all Non-Executive Directors receive ongoing training and development. Our Non-Executive Directors are conscious of the need to keep themselves properly briefed and informed about current issues.

8. Company Culture

The Company has no pre-defined set of values formally documented, however the following graphic identifies behaviours and attitudes the Company expects employees to reflect.

CORPORATE GOVERNANCE:
Corporate Governance Statement continued

These values are reflected in everything that we do, beginning with the selection criteria used in the employee recruitment process and continuing throughout all elements of the Company's business. The Board ensures that ethical behaviours are expected and followed by approving a set of internal policies on matters such as anti-bribery and whistleblowing, and by ensuring that appropriate systems and controls are in place to ensure compliance with those policies.

9. Governance

Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures within the Company have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will be reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of the budgets and business plans, material financial commitments, and the release of inside information. The Chairman and Chief Executive Officer have clearly defined roles and responsibilities. The role of the Chairman is to lead the Board and ensure it is operating effectively in approving and monitoring the strategic direction of the Company. The role of the Chief Executive is to propose strategic direction to the Board and to execute the approved strategy by leading the executive team in managing the Company's business. The Board is supported by an Audit Committee and a Remuneration Committee.

10. Communication

The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the Annual General Meeting. All shareholders will receive a copy of the Annual Report. Copies of historical Annual Reports and notices of general meetings covering the period since the shares of the Company were admitted to trading on AIM are also available on the Company's website. The Company reports on the responsibilities and activities of each of the Committees in the Annual Report.

Board Constitution and Procedures

As at 30 September 2019, the Board comprised the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and one Non-Executive Director.

The Directors, together, act in the best interests of the Company via the Board and its Committees, devoting sufficient time and consideration as necessary to fulfil their duties. Each Director brings different skills, experience and knowledge to the Company, with the Non-Executive Directors additionally bringing independent thought and judgement.

The Non-Executive Directors are considered by the Board to be independent of management and freely able to exercise their independent judgement in all matters related to the Board. Any conflicts of interest are declared at the start of each Board meeting.

Board meetings are convened monthly where all Directors are provided with comprehensive information to digest and discuss. Any specific actions arising during meetings agreed by the Board are followed up and reviewed at subsequent Board meetings to ensure their completion.

Attendance at Meetings

Since the issue of the last Annual Report there were 10 Board Meetings. The details of attendees are shown below:

	BOARD MEETINGS	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Richard Cunningham	12/12	2/2	2/2
Nigel Halkes	12/12	2/2	2/2
James Davies	3/3		
Simon Crowther	12/12		
Alyson Levett	11/12		
Paul Docherty	4/4		

Roles and Responsibilities

The roles of the Chairman and Chief Executive Officer are separated and clearly defined.

The Chairman provides leadership to the Board by ensuring that the Board has sufficient time to discuss issues on the agenda and facilitating constructive discussion on these items.

The Chief Executive provides day to day management of the Group's employees and is responsible for the leadership of the i-nexus Senior Management team. He is responsible, along with the Senior Management team, for the execution of strategy approved by the Board and the implementation of Board decisions.

Internal Control

Management has considerable autonomy to run and develop the business of the Group's. The Board believes that a well-designed system of internal reporting and control is necessary. The Board has overall responsibility to develop and strengthen internal controls as required. The Audit Committee, on behalf of the Board, has the responsibility for reviewing internal controls. The system is designed to provide reasonable, but not absolute, assurance that the assets of the Company are safeguarded, that proper accounting records are maintained, and that reliable financial information is produced.

Audit Committee

The Audit Committee has responsibility for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Group's internal control and risk management systems, assessing the need for internal audit and overseeing the relationship with the external auditor, including advising on their appointment, reviewing the scope of their audit and their fees and ensuring their independence.

The Audit Committee comprises the Non-Executive Directors. Nigel Halkes chairs the Committee. He is a Chartered Accountant, who brings a high level of financial and corporate governance experience to the Committee. The Board is satisfied that he has recent and relevant financial experience. The Chief Financial Officer and External Auditor are invited to attend the meetings. The External Auditor throughout the financial year was Saffery Champness LLP, who conducted the external audit. The Committee meets at least two times a year to review the interim results, the external audit plan and the full year results and external audit report.

The Committee reviewed the annual report and accounts before submission to the Board, including reviewing the reports from Saffery Champness LLP on their work and findings from the external audit and compliance with the Group's policies and procedures and applicable accounting standards and legislation. Topics discussed included the Group's compliance with accounting standards on software revenue recognition and capitalisation of software development costs and the Group's going concern disclosures. These significant issues were discussed by the Committee taking guidance from the Independent Auditor and discussions with the CFO.

CORPORATE GOVERNANCE:
Corporate Governance Statement continued

The FRC's ethical standard for auditors requires key audit partners of public interest entities or other listed entities to cease their participation in the statutory audit not later than 5 years from the date of their appointment. When an entity becomes a public interest entity or another listed entity, the time already served is considered and where the engagement partner has acted for 4 or more years, that individual may continue to serve for not more than 2 years after the entity becomes listed. Last year, the Board decided to extend Alistair Hunt of Saffery Champness LLP's tenure as audit partner by a further two years beyond the one remaining year before rotation is required. The audit firm, Saffery Champness LLP also agreed to this extension to safeguard the quality of the audit engagement. This year, the Board discussed the plans to rotate audit partners for 2020 and agreed that the candidates proposed by Saffery Champness LLP be interviewed by the Chair of the Audit Committee and the CFO for suitability.

The Committee reviewed the effectiveness of the Group's internal controls, including enquiry of the Independent Auditor and concluded that they were appropriate for a business of the size, scale and complexity of i-nexus. The Committee also determined that a separate internal audit function was not required during the year, but this decision will be kept under review.

The independence and objectivity of the Independent Auditor were considered and found to be satisfactory.

Independence and objectivity

The Committee has a policy governing the engagement of the external auditor to provide non-audit services. Safeguards are in place to preserve Auditor independence; use of separate teams for tax compliance, the Board and Committee are satisfied by these safeguards. As such the Committee has pre-approved that permitted non-audit services can be provided up to a maximum of 50% of the Audit fees. For certain specific permitted services, the Committee has pre-approved that Saffery Champness can be engaged by management, subject to the policies referred to above.

The Committee also received confirmation from Saffery Champness that there are no relationships between the Company and Saffery Champness that may have a bearing on its independence.

Further details of the fees paid, for audit and non-audit services, to Saffery Champness for the 2019 and 2018 financial years can be found in note 8 to the financial statements. Given the safeguards in place and to allow for continuity post IPO the Committee decided not to use another independent firm for the non-audit services.

The Independent Auditor also met with the Chairman of the Committee without management present. The effectiveness of the annual audit process was also reviewed and the quality of delivery and service levels provided were assessed.

Remuneration Committee

The Remuneration Committee was comprised of Richard Cunningham (Chairman), Nigel Halkes and James Davies until his resignation from the Board on 1 January 2019. Since then it is comprised of the remaining two members. The Committee meets at least annually and reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to the remuneration of the Executive Directors and Senior Management, including bonus awards, share incentive plans and objectives. The Committee also reviews and makes recommendations to the Board on the overall remuneration policy of the Group, including the design of any performance related pay schemes, share incentive schemes and employee benefit structures.

Nomination Committee

In the event of any new Director appointments being proposed, the Board will meet as a whole to discuss and as such no nomination committee has been constituted.

CORPORATE GOVERNANCE:
Group Directors Report For the year ended 30 September 2019

Group Directors Report

The Directors of i-nexus Global plc (the "Company") present their report and the Financial Statements of the Company and its subsidiary undertakings (together the "Group" or "i-nexus") for the year to 30 September 2019.

Directors

The Directors who served on the Board during the year and to the date of this report are as follows:

Richard Cunningham
Nigel Halkes
Simon Crowther
Alyson Levett
Paul Docherty (Resigned 13 February 2019)
James Davies (Resigned 1 January 2019)

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Corporate Governance Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the Rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and the ESM exchange of the Irish Stock Exchange.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Policy on Executive Directors and Senior Management Remuneration

When determining the Board policy for remuneration, the Remuneration Committee considers all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of this policy is to help attract, retain and motivate the Executive and Senior Management of the Company without paying more than necessary. The remuneration policy bears in mind the Company's appetite for risk and is aligned to the Company's long term strategic goals. A significant proportion of remuneration is structured to link rewards to corporate and individual performance and be designed to promote the long-term success of the Company.

CORPORATE GOVERNANCE:
Group Directors Report For the year ended 30 September 2019

Base Salary Review

Having taken external advice the Remuneration Committee developed its 2019 remuneration proposals based on what the Remuneration Committee believe to be appropriate remuneration levels for the Company at its current stage of development.

Bonus Payments

All Executive Directors and Senior Management are eligible for a discretionary annual bonus. Annual cash bonuses are paid on the achievement of pre-set financial objectives. The Committee in conjunction with the Board reviews and sets these objectives at the start of each financial year. The primary objective is achieving the annual budget which is approved at the start of each financial year.

In the current year, the Executive Management team did not achieve the pre-set objectives and have received 0% of their target cash bonus.

Long Term Incentives

The Company has adopted both a Long Term Incentive Plan and an Employee Share Option Plan (the "Plans") with all Directors, Senior Management and employees of the Company eligible to receive awards on the Plans. No options were granted under the plans in 2019. In accordance with UK best practice on corporate governance, it is the Company's current policy not to award share options to Non-Executive Directors.

Directors' Remuneration – Current Year

The remuneration of Directors for the year ended 30 September 2019 was as follows:

	Base Salary and Fees £'000	Bonuses £'000	Pension Contri-butions £'000	2019 Total £'000	2018 Total £'000
Simon Crowther	170	–	11	181	166
Alyson Levett	145	–	9	154	150
Richard Cunningham	48	–	1	49	21
James Davies	9	–	0	9	33
Nigel Halkes	35	–	–	35	13
Paul Docherty	163*	–	2	165	155
Frank Bury	–	–	–	–	18
Kevin Douglas	–	–	–	–	17
2019 TOTAL	**570**	**–**	**23**	**593**	**573**
Period to 30 September 2019 – Share based payments	–	–	–	–	28
Period to 30 September 2019 – Total	**570**	**–**	**23**	**593**	**601**

* includes £50k relating to loss of office

Directors and their Interests

Interest in ordinary shares of 10p

The Directors of the Company held the following interest in the ordinary shares of i-nexus Global plc:

Director	30 September 2019 Number	30 September 2019 %
Simon Crowther	**868,475**	**2.94**
Alyson Levett	**777,796**	**2.63**
Richard Cunningham	**1,083,100**	**3.66**
Nigel Halkes	**20,331**	**0.07**

Fees Retained for External Non-Executive Directorships

Executive Directors may hold positions in other companies as Non-Executive Directors and retain the fees. Non-Executive Directors may hold positions in other companies as either Executive or Non-Executive Directors and retain the fees. Alyson Levett and Simon Crowther held no external Non-Executive Directorships in the period. Both Richard Cunningham and Nigel Halkes held external Non-Executive Directorships in the period.

Results and Dividends

The results for the year are set out on page 31 and are also discussed in the Strategic Report. The Directors do not recommend payment of a dividend.

Share Capital Structure

The Company's ordinary shares of 10p are listed on the Alternative Investment Market ("AIM") market of the London Stock Exchange (ticker: INX). At the date of this report, 29,571,605 ordinary shares of 10p each were in issue. Details of share issues and changes to the capital structure during the year are set out in note 22.

Substantial Shareholdings

The Company is aware that the following had an interest of 3% or more in the issued ordinary share capital of the Company:

Rank	Investor	30 September 2019 Number	30 September 2019 %
1	Herald Investment Management	**4,031,490**	**13.63**
2	Amati Global Investors	**3,164,557**	**10.70**
3	Alto Invest	**3,164,557**	**10.70**
4	Canaccord Genuity Wealth Management	**2,770,152**	**9.37**
5	Antrak Limited	**1,852,210**	**6.26**
6	Gresham House	**1,582,279**	**5.35**
7	Bury Fitzwilliam-Lay and Partners LLP	**1,459,460**	**4.94**
8	Chelverton Asset Management	**1,325,000**	**4.48**
9	Richard Cunningham	**1,083,100**	**3.66**
10	The Capital for Enterprise Fund LP	**889,080**	**3.01**

CORPORATE GOVERNANCE:
Group Directors Report For the year ended 30 September 2019

There were no notified changes in these holdings in the period after year end to the date of signing the financial statements.

Qualifying Indemnity Provision

The Group has in place insurance protection, including a Directors and Officers liability policy, to cover the risk of loss when management deems it appropriate and cost effective; however in some cases risks cannot be effectively covered by insurance and the cover in place may not be sufficient to cover the extent of potential liabilities.

Going Concern

After making appropriate enquires, the Directors consider that the Company and the Group has adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. As part of their enquires the Directors reviewed budgets, projected cash flows, and other relevant information for 12 months from the date of approval of the Consolidated Financial Statements for the year ended 30 September 2019.

As disclosed in Note 2 to the financial statements, the Group's forecasts, taking into account reasonably possible changes, show that the Group will be able to operate with adequate financial headroom for the 12 months from the date of approval of the Consolidated Financial Statements for the year ended 30 September 2019.

Events After the Reporting Period

Events after the reporting period are set out in note 26 to the Financial Statements. Likely future developments in the business are discussed in the Strategic Report.

Auditors

The Board are recommending Saffery Champness LLP for re-appointment as auditor of the Company, Saffery Champness LLP have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming Annual General Meeting.

Disclosure of Information to the Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Equality and Diversity

The Company operates an equal opportunities policy which endeavours to treat individuals fairly and not to discriminate on the basis of gender, disability, race, national or ethnic origin, sexual orientation or marital status. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

Annual General Meeting

The Company will hold the 2019 AGM on Monday 23rd March 2020. The Notice of the Meeting accompanies the Annual Report and Accounts.

By Order of the Board

Alyson Levett
Company Secretary

FINANCIAL STATEMENTS:
Independent Auditor's Report For the year ended 30 September 2019

Opinion
We have audited the financial statements of i-nexus Global plc ('the parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the Group and of the parent company as at 30 September 2019 and of the Group's loss for the period 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 Group 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 as applied to SME listed entities, 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition and compliance with IFRS 15 As detailed in the notes to the financial statements, the Group's revenue is generated from the development and licencing of cloud-based software and associated maintenance, support, software customisation and professional consultancy services. Revenue is recognised in accordance with the terms of the contracts with customers which can span a period of over twelve months in compliance with IFRS. The Group has adopted IFRS 15 using the full retrospective approach based on the five-step model prescribed within the standard.	Our audit procedures included the following: • We tested a sample of contracts and corroborated the accounting treatment including the amount of deferred income recognised at the period end; • We tested a sample of project income to time records and ensured this income was recorded in line with the Group's revenue recognition policy; and • We reviewed the requirements of IFRS 15, assessed management's basis for recognition and re-performed calculations on adoption of the new standard. Based on our procedures we have concluded that revenue has been recognised in accordance with the financial reporting framework and the Group has properly adopted IFRS 15.
The recognition and capitalisation of development costs As detailed in the notes to the financial statements, the Group carries out research and development of its internally generated software. The expenditure that does not meet the recognition criteria of IAS 38 should be expensed to the consolidated statement of comprehensive income. The expenditure that meets the recognition criteria of IAS 38 should be capitalised as an intangible asset and amortised over the period in which the Group expects to benefit from it. This capitalised development expenditure must adhere to the specific recognition criteria and disclosure requirements under IAS 38.	Our audit procedures included the following: • We reviewed the development criteria alongside managements workings and justifications, ensuring these comply with the accounting standards for capitalisation or not; • We validated the costs to underlying records; and • We discussed with management the stage of completion and carrying value of the unamortised costs. Based on our procedures we have concluded that the expenditure has been appropriately accounted for including the capitalisation of certain development costs.

FINANCIAL STATEMENTS:
Independent Auditor's Report continued

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of intercompany receivables in the Company balance sheet The Company has a combined investment in its subsidiary undertaking of £9.5m. The subsidiary has net liabilities on its balance sheet which is an indicator of impairment. The net assets and distributable reserves of the parent company may be overstated as losses sustained by subsidiaries cannot be remitted to the parent. There is significant judgement in the calculation of future returns on investments driven by growth in EBITDA.	Our audit procedures included the following: • We reviewed the discounted cash flow calculations provided by management to support the carrying value of the investment; • We ensured that the numbers used for the calculations were based on the Board's plans and the forecasts were reasonable; • We reviewed the current status of the MRR, pipeline and growth plans; and • We held discussions with management to challenge assumptions and conclusions. Based on our procedures we have concluded that the existing business plan and forecast growth justify the carrying value of the investment. No impairment of the investment in subsidiary or intercompany debtor has been made.
Going concern The going concern assumption is fundamental in the preparation of financial statements. The Group utilised cash of £5.5m in the year and cash reserves were at £1.5m at year end. This raises the concern that the business may have insufficient cash to trade for the coming year without further placing of shares. The Group has no banking facilities to utilise.	Our audit procedures included the following: • We reviewed the paper and financial model prepared by the management team to support their conclusion that the business was a going concern; • We reviewed the sensitivities prepared by management and the MRR, reconciling this to the historic information on MRR; and • We spoke to management and challenged the assumptions used. Based on our procedures we concluded that the going concern assumption adopted by the Directors appears reasonable. The sensitivities demonstrated that there are actions management can implement should the plans not deliver the growth hoped without the Group undertaking a fund raising.

Our application of materiality
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £100,000. This was determined with reference to a benchmark of revenue which we consider to be the principal consideration in assessing the financial performance of the Group. The Group considers monthly recurring revenue growth to be the key performance indicator.

Performance materiality was set at 80 percent of the above materiality level.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £5,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The Group manages its operations from a single location in the UK and has common financial systems, processes and controls covering all significant components. The audit of all significant components was performed by the same audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitate coverage of significant accounts in the financial statements, we determined that two components, i-nexus Global plc and i-solutions Global Limited, represented the principal business units within the Group. A full scope audit was undertaken on each component.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

FINANCIAL STATEMENTS:
Independent Auditor's Report continued

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.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement set out on page 21, 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 Group'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 Group 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: 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 Group'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 Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Suite C, Unex House
Bourges Boulevard
Peterborough
PE1 1NG

4 February 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2019

	Note	**Year ended 30 September 2019 £**	As restated Year ended 30 September 2018 £
Revenue	5	**4,759,072**	4,741,915
Cost of sales		**(1,212,175)**	(1,488,028)
Gross profit		**3,546,897**	3,253,887
Administrative expenses		**(7,817,865)**	(4,139,628)
Operating loss	6	**(4,270,968)**	(885,741)
Adjusted EBITDA		**(4,050,691)**	(626,916)
Depreciation and profit/loss on disposal		**(105,977)**	(53,737)
Share based payment expense		**–**	(30,000)
Non-underlying items		**(114,300)**	(175,088)
Finance income		**6,904**	1,847
Finance costs	10	**(66,838)**	(124,384)
Loss before taxation	7	**(4,330,902)**	(1,008,278)
Tax expense	11	**401,164**	186,957
Loss for the year		**(3,929,738)**	(821,321)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**(14,030)**	(54)
Loss on net investment hedge		**(92,158)**	(28,529)
Total comprehensive loss for the year		**(4,035,926)**	(849,904)
Attributable to equity holders of company		**(4,035,926)**	(849,904)
		£	£
Basic and diluted loss per share		**(0.14)**	(0.05)

The notes on pages 46 to 63 form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 30 September 2019

	Note	**30 September 2019 £**	As restated 30 September 2018 £
Assets			
Non-current assets			
Intangible assets	13	**618,609**	55,011
Property, plant and equipment	14	**339,131**	199,222
Total non-current assets		**957,740**	254,233
Current assets			
Trade and other receivables	17	**1,418,293**	1,751,956
Current tax receivable	17	**400,000**	183,162
Cash and cash equivalents	18	**1,533,323**	6,940,573
Total current assets		**3,351,616**	8,875,691
Total assets		**4,309,356**	9,129,924
LIABILITIES			
Current liabilities			
Borrowings	20	**159,730**	298,998
Trade and other payables	19	**942,210**	904,668
Deferred income	19	**1,541,109**	2,064,295
Total current liabilities		**2,643,049**	3,267,961
Non-current liabilities			
Borrowings	20	**243,500**	403,230
Provisions	21	**80,702**	80,702
Total non-current liabilities		**324,202**	483,932
Total liabilities		**2,967,251**	3,751,893
Net assets		**1,342,105**	5,378,031
Equity			
Share capital	22	**2,957,161**	2,957,161
Share premium		**7,256,188**	7,256,188
Capital redemption reserve		**–**	–
Share based payment reserve		**–**	–
Foreign exchange reserve		**(23,538)**	(9,508)
Merger reserve		**10,653,881**	10,653,881
Accumulated losses		**(19,501,587)**	(15,479,691)
Total equity		**1,342,105**	5,378,031

Approved by the Board and authorised for issue on 4 February 2020.

Simon Crowther
Director
Company Registration No. 11321642

Company Statement of Financial Position

As at 30 September 2019

	Note	**30 September 2019 £**	30 September 2018 £
ASSETS			
Non-current assets			
Investments	15	**1,654,770**	1,654,770
		1,654,770	1,654,770
Current assets			
Trade and other receivables	17	**7,902,272**	8,379,633
Cash and cash equivalents	18	**66,831**	–
		7,969,103	8,379,633
Total assets		**9,623,873**	10,034,403
LIABILITIES			
Current liabilities			
Trade and other payables	19	**90,123**	157,693
		90,123	157,693
Total liabilities		**90,123**	157,693
Net assets		**9,533,750**	9,876,710
Equity			
Issued capital	22	**2,957,161**	2,957,161
Share premium		**7,256,188**	7,256,188
Accumulated losses		**(679,599)**	(336,639)
Total equity		**9,533,750**	9,876,710

As permitted by section 408 Companies Act 2006, The Company has not presented its own profit and loss account and related notes. The parent company's loss for the year was £342,960.

Approved by the Board and authorised for issue on 4 February 2020.

Simon Crowther
Director
Company Registration No. 11321642

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

As restated	Issued capital £	Share premium £	Capital redemption reserve £	Share based payment reserve £	Foreign exchange reserve £	Merger reserve £	Accum-ulated losses £	**Total equity £**
At 1 October 2017	1,417,216	4,086,013	6,468,287	23,578	(9,454)	–	(14,307,385)	**(2,321,745)**
Effective new standards adopted in year	–	–	–	–	–	–	(140,106)	**(140,106)**
Prior year adjustment	–	–	–	–	–	–	(235,928)	**(235,928)**
As restated at 1 October 2017	1,417,216	4,086,013	6,468,287	23,578	(9,454)	–	(14,683,419)	**(2,697,779)**
Loss for year	–	–	–	–	–	–	(821,321)	**(821,321)**
Other comprehensive income	–	–	–	–	(54)	–	(28,529)	**(28,583)**
Transfer to merger reserve	–	(4,085,249)	(6,468,287)	–	–	10,553,536	–	**–**
Transfer to losses	–	–	–	(53,578)	–	–	53,578	**–**
Issue of share capital	1,539,945	8,461,426	–	–	–	100,345	–	**10,101,716**
Issue costs	–	(1,206,002)	–	–	–	–	–	**(1,206,002)**
Share based payment expense	–	–	–	30,000	–	–	–	**30,000**
At 30 September 2018	2,957,161	7,256,188	–	–	(9,508)	10,653,881	(15,479,691)	**5,378,031**
Loss for the year	–	–	–	–	–	–	(3,929,738)	**(3,929,738)**
Other comprehensive income	–	–	–	–	(14,030)	–	(92,158)	**(106,188)**
Share based payments	–	–	–	–	–	–	–	**–**
At 30 September 2019	2,957,161	7,256,188	–	–	(23,538)	10,653,881	(19,501,587)	**1,342,105**

Company Statement of Changes in Equity

For the year ended 30 September 2019

	Issued capital £	Share premium £	Accumulated losses £	**Total equity £**
Incorporated on 20 April 2018	–	–	–	**–**
Loss for the period	–	–	(336,639)	**(336,639)**
Issue of share capital	2,957,161	8,461,426	–	**11,418,587**
Issue costs	–	(1,205,238)	–	**(1,205,238)**
At 30 September 2018	2,957,161	7,256,188	(336,639)	**9,876,710**
Loss for the year	–	–	(342,960)	**(342,960)**
Other comprehensive income	–	–	–	**–**
At 30 September 2019	2,957,161	7,256,188	(679,599)	**9,533,750**

Reserve	**Description**
Issued capital	Nominal value of issued shares.
Share premium	Includes all current and prior period premiums on shares allotted.
Capital redemption reserve	This reserve relates to historic repurchases of preference shares.
Share based payment reserve	This reserve relates to amounts recognised for the fair value of share options granted in accordance with IFRS 2.
Foreign exchange reserve	This reserve relates to exchange differences arising on the translation of foreign subsidiary operations.
Merger reserve	This represents the carrying value of the investment in the subsidiary undertaking at the point of the share for share exchange.
Accumulated losses	All other net gains and losses not recognised elsewhere

Consolidated and Company Statement of Cash Flows

For the year ended 30 September 2019

	Notes	Group Year ended 30 September 2019 £	Group As restated Year ended 30 September 2018 £	Company Year ended 30 September 2019 £	Company Year ended 30 September 2018 £
Cash flows from operating activities					
Loss before taxation		**(4,330,902)**	(1,008,278)	**(342,960)**	(336,639)
Adjustments for non-cash/non-operating items:					
Depreciation and profit on disposals		**105,977**	53,737	**–**	–
IPO Costs		**–**	175,088	**–**	–
Share based payments		**–**	30,000	**–**	–
Finance income		**(6,904)**	(1,847)	**–**	–
Finance charges		**66,838**	124,384	**26**	441
		(4,164,991)	(626,916)	**(342,934)**	(336,198)
Changes in working capital:					
Decrease/(increase) in trade and other receivables		**333,663**	(250,945)	**477,360**	(8,379,633)
(Decrease)/increase in trade and other payables		**(577,802)**	(976,963)	**(67,570)**	157,693
Taxation		**184,326**	282,671	**–**	–
Net cash from operating activities		**(4,224,804)**	(1,572,153)	**(409,790)**	(8,558,138)
Cash flows from investing activities					
Purchase of property, plant and equipment	14	**(247,040)**	(118,141)	**–**	–
Proceeds from sale of property, plant and equipment	14	**1,154**	–	**–**	
Purchase of development costs	13	**(563,598)**	(55,011)	**–**	–
Interest received		**6,904**	1,847	**–**	–
Net cash flow from investing activities		**(802,580)**	(171,305)	**–**	–
Cash flows from financing activities					
Proceeds from shares		**–**	9,982,508	**–**	9,763,817
Less issue costs		**–**	(1,381,090)	**–**	(1,205,238)
Proceeds from borrowings		**–**	1,299,863	**–**	–
Repayment of borrowings		**(298,998)**	(1,338,486)	**–**	–
Interest paid		**(66,838)**	(124,384)	**(25)**	(441)
Net cash flow from financing activities		**(365,836)**	8,438,411	**(25)**	8,558,138
Net (decrease)/increase in cash and cash equivalents		**(5,393,220)**	6,694,953	**66,831**	–
Cash and cash equivalents beginning of period		**6,940,573**	245,674	**–**	–
Effect of foreign exchange rate changes		**(14,030)**	(54)	**–**	–
Cash and cash equivalents at the end of the period		**1,533,323**	6,940,573	**66,831**	–

Notes to the Financial Statements

For the year ended 30 September 2019

1 General information

i-nexus Global plc is a public company limited by shares incorporated in England and Wales (registration number 11321642). The registered office and principal place of business is i-nexus, i-nexus Suite, George House, Herald Avenue, Coventry Business Park, Coventry, CV5 6UB .

The principal activity of i-nexus Global plc and its subsidiaries (the Group) is that of development and sale of Enterprise cloud-based software on a software-as-a-service (SaaS) basis and associated maintenance, support, software customisation and professional consultancy services.

2 Significant accounting policies

The following principal accounting policies have been used consistently in the preparation of consolidated financial statements.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, in accordance with the IFRS Interpretations Committee ("IFRIC") interpretations, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared in sterling, which is the presentational currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

On 1 October 2018 the Group adopted IFRS 9 which replaces IAS 39 'Financial Instruments'. The Group has applied the simplified approach to its trade receivables and contract assets as there are no significant financing components. There were no changes in credit risk since initial recognition and the lifetime expected credit loss rate was not considered to have a material impact on the provisioning values included. The Group adopted the simplified approach under IFRS 9 and current provisioning model used by the Group is deemed to be appropriate and effect of transition did not have a material impact on the financial statements.

On transition to IFRS 9 the Group elected to continue applying the hedge accounting requirements of IAS 39.

There have been no changes in the measurement basis for the Group's financial liabilities as a result of the adoption of IFRS 9.

Historical cost convention

The financial statements have been prepared under the historical cost convention except for the following:

- The business combination of i-solutions Global Limited by i-nexus Global plc in the previous period was accounted for under the merger method
- The use of fair value for financial instruments measured at fair value

Basis of consolidation

The financial statements incorporate the results of i-nexus Global plc and all of its subsidiary undertakings as at 30 September 2019.

The accounting treatment in relation to the addition in the previous period of i-nexus Global plc as a new UK holding company of the Group fell outside the scope of IFRS 3 'Business Combinations'. The share scheme arrangement constituted a common control combination of the entities. This was as a result of all the shareholders of i-nexus Global plc being issued shares in the same proportion, and the continuity of ultimate controlling parties. The Directors believed that this approach presents fairly the financial performance, financial position and cash flows of the Group.

Notes to the Financial Statements continued

For the year ended 30 September 2019

2 Significant accounting policies (continued)

The reconstructed Group was consolidated using merger accounting principles, as outlined in Financial Reporting Standard FRS 102 ("FRS"), and the reconstructed Group treated as if it had always been in existence. There was no difference between the nominal value of the shares issued in the share exchange and the book value of the shares obtained.

Going concern

This historical financial information relating to i-nexus Global plc has been prepared on the going concern basis.

The Group prepares regular business forecasts and monitors its projected cash flows, which are reviewed by the Board. Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed, thus creating a number of different scenarios for the Board to challenge. In those cases, where scenarios deplete the Group's cash resources too rapidly, consideration is given to the potential actions available to management to mitigate the impact of one or more of these sensitivities, in particular the discretionary nature of costs incurred by the Group, in order to ensure the continued availability of funds.

As the Group did not have access to bank debt and future funding is reliant on issues of shares in the parent Company, the Board has derived a mitigation plan for the scenarios modelled as part of the going concern review.

On the basis of this analysis, the Board has concluded that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the balance sheet date.

Accordingly, the Group has continued to adopt the going concern basis in preparing its financial statements for the year ended 30 September 2019.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of trading subsidiaries are included in the consolidated financial statements under the merger accounting method until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-Group balances, and any gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the historical financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

The Group has been consolidated under merger accounting principles as described in 'basis of consolidation' above.

Foreign currencies

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

Overseas operations which have a functional currency different to the Group presentation currency have been translated using the monthly average exchange rate for consolidation in to the statement of comprehensive income. The amounts included in the Group statement of financial position, have been translated at the exchange rate ruling at the statement date. All resulting exchange differences are reported in other comprehensive income.

Pensions

i-nexus Global plc operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries plus annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Revenue recognition

Revenue represents amounts receivable for services net of VAT and trade discounts.

Revenue comprises of fair value of consideration received or receivable, net of sales taxes and discounts. Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- is it probable that the Group 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.

The nature of revenues is license fee income (on a SaaS basis) and professional services.

License fee income

Revenue for annual licenses, support and maintenance is recognised on a straight-line basis over the duration of the contract.

Professional services income

Configuration and software customisation revenue is recognised on a percentage completion basis over the period during which the configuration or software customisation is completed, in line with IAS 18. Setup, deployment, migration and report development revenue are recognised at the point of setup, deployment, migration or report development is completed. In the circumstances where an event spans two or more accounting periods, the entire revenue is recognised in the period when the event is completed, and the software has been accepted by the customer. Revenue for training events is recognised at the point the training event is completed.

Internally generated intangible assets – Research and development costs

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity within the Group can demonstrate all of the following:

i. its ability to measure reliably the expenditure attributable to the asset under development;

Notes to the Financial Statements continued

For the year ended 30 September 2019

2 Significant accounting policies (continued)

ii. the product or process is technically and commercially feasible;

iii. its future economic benefits are probable;

iv. its ability to use or sell the developed asset;

v. the availability of adequate technical, financial and other resources to complete the asset under development; and

vi. its intention to use or sell the developed asset.

Amortisation

Amortisation is charged to profit or loss on a straight-line basis to administrative costs over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Development costs	5 years

Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land and buildings leasehold	20% straight line or lease life if shorter
Fixtures, fittings and equipment	25% reducing balance
Computer equipment	33% straight line
Motor vehicles	25% reducing balance

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the consolidated statement of comprehensive income.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible 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 Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

Classification

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Trade receivables

Trade receivables, defined as loans and receivables in accordance with IAS 39 ‘Financial Instruments: Recognition and Measurement’, are recorded initially at fair value and are subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets’ carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Notes to the Financial Statements continued

For the year ended 30 September 2019

2 Significant accounting policies (continued)

Financial liabilities – Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities – Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, is cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Net finance costs

Finance costs

Finance costs comprise interest payable on borrowings, direct issue costs, dividends on preference shares and foreign exchange losses, and are expensed in the period in which they are incurred.

Finance income

Finance income comprises interest receivable on funds invested, and foreign exchange gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Share capital/equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share based payments

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 23.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

Warrants

Warrants are considered to be share based payments and are accounted for in accordance with IFRS 2. The fair value of issued warrants is credited to the share based payment reserve at the time of issue of the warrants. Upon the exercise of warrants, the fair value held in the share based payment reserve is transferred to the share premium reserve.

Current and deferred income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is recognised on temporary differences arsing between the tax bases of assets and liabilities and their carrying amounts.

The following temporary differences are not recognised if they arise from a) the initial recognition of goodwill, and b) for the initial recognition of other assets or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

The provision for liabilities comprises the dilapidation provision for the lease, which is included in land and buildings in property, plant and equipment.

Compound Financial Instruments

Compound financial instruments issued by the Group comprise venture debt which entitles the lender to warrant shares in i-nexus Global plc at the drawdown of the loan. The liability component of compound financial instruments is initially recognised at the fair value by discounting the cash flows to net present value. The equity component would be initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, however the i-nexus Directors have concluded that the equity component is immaterial and therefore not recorded separately. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Notes to the Financial Statements continued

For the year ended 30 September 2019

2 Significant accounting policies (continued)

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. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The costs associated with operating leases are taken to the income statement on an accruals basis over the period of the lease.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following relevant standards, interpretations and amendments to existing standards have been published by the IASB but are yet to be endorsed by the EU or are not effective for the period presented in the financial statements and the Group has decided not to early adopt them.

Standard	Effective date, annual period beginning on or after
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 16 Leases	1 January 2019

Management have considered the effect of the future changes in accounting standards and have surmised the impacts to be as follows:

IFRS 16

IFRS 16 Leases requires lessees to recognise a lease liability reflecting future lease payments and a "right of use asset" for virtually all lease contracts. The Group is currently in the process of assessing the impact of implementation of the standard. A right of use asset and corresponding liability discounted to present value are expected to be recognised in relation to the Group's premises that are currently occupied under an operating lease.

IFRIC 23

This interpretation covers how the Group accounts for taxation, where there is some uncertainty over whether treatments in the tax return will be accepted by HMRC or the relevant overseas jurisdictions. Each uncertain treatment (or combination of treatments) is considered for whether it will be accepted, and if probable taxable profits/losses, tax bases, unused tax losses, unused tax credits and tax rates are accounted for consistently with the tax return. Otherwise the Group accounts for each treatment using whichever of the two allowed measurement methods is expected to best predict the final outcome – the single most likely outcome or a probability weighted average value of a range of possible outcomes. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. The Group has not yet concluded on a transition method and as such it is not possible to fully quantify the impact of IFRIC 23 at this stage, though it is not expected to be material.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share based payment expense and non-underlying items and is set out in note 6.

Adjusted EBITDA is not a measure recognised under IFRS. The Directors consider that this measure may be helpful to potential investors and so it is shown.

3 Critical accounting judgements and estimates

The preparation of the Group's historical financial information under IFRS as endorsed by the EU requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

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.

In preparing the financial statements, the Group has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies, the Group has made estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key areas of judgement and estimation uncertainty are disclosed below:

Impairment of investments and intercompany debtors

The subsidiary has sustained losses and the balance sheet is in deficit. This is a potential indicator of impairment. The recoverability of intercompany debtor and the cost of investment is dependent on the future profitability of the entity. No provision for impairment has been made in these accounts and this is a significant judgement.

Research and Development expenditure

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Significant judgement is applied in determining if development costs meet the criteria to be capitalised as intangible assets. Historically, no development expenditure has been capitalised, as the amount of total research and development expenditure deemed to meet all the criteria has been immaterial and has therefore been recognised as an expense when it is incurred.

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk, credit risk and foreign exchange risk. Risk management is carried out by the Board of Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

Notes to the Financial Statements continued

For the year ended 30 September 2019

4 Financial risk management (continued)

(a) Market risk

i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest bearing assets including cash and cash equivalents are considered to be short term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does therefore not incur interest on overdue balances. As the interest rates on both venture debt and shareholders loans are fixed, interest rate risk is considered to be very low and no sensitivity analysis has been prepared as the impact on the historical financial information would not be significant.

The interest rate profile of the Group's borrowings is shown below:

		30 September 2019		30 September 2018
	Debt £	**Interest rate £**	Debt £	Interest rate £
Fixed rate borrowings				
Venture debt		**11.5%**		11.5%
Shareholder loans		**–**		–
Weighted average cost of fixed rate borrowing		**11.5%**		11.5%

(b) Liquidity risk

The Group seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of the Group's borrowings is shown below:

	30 September 2019	30 September 2018
Less than one year	**159,730**	298,998
One to two years	**179,098**	159,730
Two to five years	**64,402**	243,500
	403,230	702,228

Capital risk management

The Group is both equity and debt funded and these two elements combine to make up the capital structure of the business. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans;
- Provide a reasonable expectation of future returns to shareholders; and
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise the risk, i-nexus Global plc endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes.

i-nexus Global plc does not consider that there is any concentration of risk within either trade or other receivables and any debt bad provisions in the years presented are not for significant amounts. The Group holds no collateral or other credit enhancements. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts. It is the i-nexus Directors' opinion that no further provision for doubtful debts is required. Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

(d) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign exchange rates. The Group is also exposed to foreign exchange risk as a result of transactions denominated in US Dollars and Euros. The Group maintains bank accounts in US Dollars and Euros in order to mitigate this risk.

5 Revenue and segmental reporting

The Group has one single business segment and therefore all revenue is derived from the rendering of services as stated in the principal activity. The Group operates four geographical segments, as set out below. This is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance, has been identified as the management team comprising the Executive Directors who make strategic decisions.

	Year ended 30 September 2019 £	As restated Year ended 30 September 2018 £
United Kingdom	**928,733**	805,941
Rest of Europe	**1,624,195**	1,927,849
United States	**2,029,839**	1,917,688
Rest of the World	**176,305**	90,437
	4,759,072	4,741,915

Notes to the Financial Statements continued

For the year ended 30 September 2019

5 Revenue and segmental reporting (continued)

The Group has one customer that represented more than 10 percent of revenue in either 2019 or 2018 as detailed below:

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Customer 1	**603,755**	604,906

The Group has two main revenue streams in each of the years presented, as detailed below:

	Year ended 30 September 2019 £	As restated Year ended 30 September 2018 £
Licence	**4,027,129**	4,033,810
Services	**731,943**	708,105
	4,759,072	4,741,915

All revenue is recognised is in relation to contracts held with customers.

Amounts of revenue recognised in the period that was included as a contract liability balance at the beginning of the previous period was £1,920,255.

Invoices for licence income are issued annually in advance arising to deferred income as the performance obligation has not yet been satisfied. Services income relates to prepaid, part upfront/part upon completion & others linked to key milestones set out in contracts. This arises to deferred income and increase in debtors for performance obligation met but not yet invoiced.

The performance obligations of the licence revenue are satisfied on a monthly basis and as such revenue for this stream is recognised monthly as and when the licence period is consumed. The services performance obligations vary and contract value is recognised over the duration of each project. All warranties are included within the subscription agreements with each client.

The transaction price is determined by the contractual value agreed with our clients. It is deemed that 60% of a deployment is attributable to enabling the customer to use our software. This was determined by reviewing live examples and attaching a percentage of each deployment which is required to enable the customer to use the software thus being the one performance obligation.

6 Adjusted EBITDA

	Year ended 30 September 2019 £	As restated Year ended 30 September 2018 £
Operating loss	**(4,270,968)**	(885,741)
Add back:		
Depreciation and profit/loss on disposal	**105,977**	53,737
Share based payment expense	**–**	30,000
Non-underlying items	**114,300**	175,088
Adjusted EBITDA	**(4,050,691)**	(626,916)

7 Loss on ordinary activities before taxation

Profit or loss before taxation is arrived at after:

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Depreciation of property, plant and equipment	**106,233**	54,511
Profit on disposal of fixed assets	**(256)**	(774)
Operating minimum lease rentals	**123,788**	86,004
Auditor's remuneration (note 8)	**73,332**	234,262
Loss on foreign exchange transactions	**(175,857)**	12,726
Research and development expenditure	**917,455**	549,212
AIM IPO costs expensed	**–**	175,088

8 Auditor's remuneration

	Year ended 30 September 2019 £	As restated Year ended 30 September 2018 £
Fee payable to the Company's Auditors and its associates for the audit of consolidated financial statements	**46,700**	61,825
Fee payable to the Company's Auditors and its associates for other services:		
Corporate finance	**–**	129,500
Taxation services	**7,250**	19,927
Other services	**19,382**	23,010
	73,332	234,262

Notes to the Financial Statements continued

For the year ended 30 September 2019

9 Directors and employees

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Wages and salaries	**4,745,415**	3,571,080
Social security costs	**545,039**	370,092
Other pension costs	**134,368**	28,844
Share based payment expense	**–**	30,000
	5,424,822	4,000,016

The average number of employees during the year was:

	2019 Number	2018 Number
Senior Management	**9**	8
Development global services and other	**76**	52
	85	60

Details of emoluments (including pension) paid to the key management personnel are as follows:

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Total emoluments paid to:		
Directors		
Salaries and fees	**569,914**	571,009
Post-employment benefits	**23,196**	2,931
Share based payment expense	**–**	27,860
	593,110	601,800
Key management personnel including Directors		
Salaries and fees	**1,153,030**	725,771
Post-employment benefits	**39,424**	3,463
Share based payment expense	**–**	27,860
	1,192,454	757,094

Remuneration disclosed above include the following amounts paid to the highest paid Directors:

Remuneration for qualifying services	**181,250**	179,796

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018: 3).

10 Finance costs

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
On loans and overdrafts	**66,838**	124,384
On loans repayable after five years	**–**	–
	66,838	124,384

11 Taxation

	Year ended 30 September 2019 £	As restated Year ended 30 September 2018 £
Domestic current period tax		
UK Corporation tax	**(400,000)**	(183,162)
Adjustment for prior years	**–**	(264)
	(400,000)	(183,426)
Foreign corporation tax		
Foreign corporation tax	**(1,164)**	(3,531)
Adjustments for prior years	**–**	–
	(1,164)	(3,531)
Total current tax	**(401,164)**	(186,957)
Factors affecting the tax charge for the period		
Loss before tax	**(4,330,902)**	(1,008,278)
Profit before tax multiplied by standard rate of UK Corporation tax of 19.0% (2018: 19.0%)	**(822,871)**	(191,573)
Effects of:		
Non-deductible expenses	**1,648**	1,094
Adjustments to tax credit in respect of prior years	**0**	(264)
Surrender R&D for tax credit	**(205,182)**	(104,351)
Deferred tax asset not recognised	**489,784**	90,553
Restriction of R&D tax credit	**76,854**	0
Depreciation on assets not qualifying for tax allowance	**3,327**	1,780
Effect of change in UK corporation tax rate	**55,086**	2,262
Other	**190**	13,542
Current tax credit	**(401,164)**	(186,957)

Changes in the applicable tax rate arose due to the April 2016 Budget which amended the corporation tax charge to 19%.

Notes to the Financial Statements continued

For the year ended 30 September 2019

12 Loss per share

The loss per share has been calculated using the loss for the year and the weighted average number of ordinary shares outstanding during the year, as follows:

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Loss for the period attributable to equity holders of the Company	**(4,035,926)**	(849,904)
Weighted average number of ordinary shares	**29,571,610**	18,495,089
Loss per share	**(0.14)**	(0.05)

13 Intangible assets

Group

	Development costs £	Total £
Cost		
At 1 October 2018	**55,011**	55,011
Additions	**563,598**	563,598
At 30 September 2018	**618,609**	618,609
Amortisation/impairment		
At 1 October 2018	**–**	–
Charge for the year	**–**	–
At 30 September 2019	**–**	–
Net book value		
At 30 September 2019	**618,609**	618,609
At 30 September 2018	**55,011**	55,011

The useful economic life of each of the individual assets is deemed to be 5 years. The additions in the year of £563,598 relate to specific products being developed. These products are deemed to provide future economical benefits to i-nexus Global plc.

14 Property, plant and equipment

Group

	Short Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor Vehicle £	Total £
At 1 October 2018	95,328	149,493	374,101	–	618,922
Additions	–	64,933	173,357	8,750	247,040
Disposals	–	–	(962)	–	(962)
At 30 September 2019	**95,328**	**214,426**	**546,496**	**8,750**	**865,000**
At 1 October 2018	32,865	128,898	257,937	–	419,700
Charge for the year	17,370	8,058	80,805	–	106,233
On disposals	–	–	(64)	–	(64)
At 30 September 2019	**50,235**	**136,956**	**338,678**	**–**	**525,869**
Carrying value					
At 30 September 2019	**45,093**	**77,470**	**207,818**	**8,750**	**339,131**
At 30 September 2018	62,463	20,595	116,164	–	199,222

The figures for the previous period are as follows:

Group

	Short Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
At 1 October 2017	68,328	144,335	262,306	474,969
Additions	40,000	5,158	112,983	158,141
Disposals	(13,000)	–	(1,188)	(14,188)
At 30 September 2018	95,328	149,493	374,101	618,922
At 1 October 2017	36,494	123,086	219,137	378,717
Charge for the year	9,371	5,812	39,328	54,511
On disposals	(13,000)	–	(528)	(13,528)
At 30 September 2018	32,865	128,898	257,937	419,700
Carrying value				
At 30 September 2018	62,463	20,595	116,164	199,222
At 30 September 2017	31,834	21,249	43,169	96,252

The Company had no property, plant or equipment during the current or comparative period.

Notes to the Financial Statements continued

For the year ended 30 September 2019

15 Non-current asset investments

	Group £	Company £
Cost		
At 30 September 2019	**–**	**1,654,770**
At 30 September 2018	–	1,654,770
Net book value		
At 30 September 2019	**–**	**1,654,770**
At 30 September 2018	–	1,654,770

Non-current asset investments consist of investments in subsidiaries, measured at cost.

Details of non-current asset investments in equity

Name of entity	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent company	% of Ordinary Shares held by group
i-solutions Global Limited	The development and sale of Enterprise cloud-based software on a software-as-a service (SaaS) basis and professional consultancy services.	England and Wales	100	–
i-nexus (America) Inc	Sale of computer software and associated maintenance, support, software customisation and services	USA	–	100

i-nexus (America) Inc is owned by i-solutions Global Limited. The Company is included in the list above according to the control exercised over it by i-nexus Global plc. All subsidiaries have prepared their financial statements to 30 September 2019.

There are no restrictions on i-nexus Global plc's ability to access or use the assets and settle the liabilities of subsidiary companies.

Impairment of investments in subsidiaries

The subsidiaries have sustained losses and the balance sheets are in deficit. This is a potential indicator of impairment. The recoverability of intercompany debtors and the cost of investment is dependent on the future profitability of those entities. No provision for impairment has been made in these accounts and this is a significant judgement but one that only affects the parent Company and its distributable reserves. It does not affect the Group results as the losses of the subsidiaries have been consolidated.

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2019 £	**Profit/(loss) for the year 2019 £**
i-Solutions Global Limited	(3,394,003)	**(3,569,976)**
i-nexus (America) Inc	(3,138,666)	**58,676**

16 Financial instruments

	At 30 September 2019 £	At 30 September 2018 £
Financial assets held at amortised cost	**1,405,318**	1,478,754
Financial liabilities held at amortised cost	**1,461,944**	1,457,108
Financial liabilities held at fair value	**56,626**	21,646

The Group's exposure to various risks associated with the financial instruments is discussed in note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

17 Trade and other receivables

	Group	
	At 30 September 2019 £	At 30 September 2018 £
Trade receivables	**689,710**	1,000,144
Corporation tax receivable	**400,000**	183,162
Other receivables and prepayments	**728,583**	751,812
	1,818,293	1,935,118

	Company	
	At 30 September 2019 £	At 30 September 2018 £
Other debtors and prepayments	**46,478**	28,139
Amounts owed by Group undertakings	**7,855,794**	8,351,494
	7,902,272	8,379,633

Notes to the Financial Statements continued

For the year ended 30 September 2019

17 Trade and other receivables (continued)

An analysis of trade receivables is shown below:

	30 days or less £	Between 31 and 60 days £	Between 61 and 90 days £	Over 90 days £	Bad debt provision £	Total £
2019	**635,752**	**6,373**	**13,143**	**48,873**	**(14,431)**	**689,710**
2018	554,290	267,053	46,926	164,953	(33,078)	1,000,144

All opening and close trade debtor balances arise from contracts with customers. All other receivables outside of general terms of business are immaterial to the Group and within the Company.

18 Cash and cash equivalents

	Group	
	At 30 September 2019 £	At 30 September 2018 £
Cash at bank and in hand	**1,533,323**	6,940,573
	1,533,323	6,940,573

	Company	
	At 30 September 2019 £	At 30 September 2018 £
Cash at bank and in hand	**66,831**	–
	66,831	–

19 Trade and other payables (current)

	Group	
	At 30 September 2019 £	At 30 September 2018 £
Trade payables	**444,660**	443,316
Taxes and social security costs	**155,239**	121,258
Accruals	**342,311**	340,094
	942,210	904,668

	At 30 September 2019 £	At 30 September 2018 £
Deferred income	**1,541,109**	2,064,295
	1,541,109	2,064,295

During the review of IFRS 15, it was identified that a historic error had remained uncorrected over exchange differences between income recognised in the profit and loss account and that deferred in deferred income pre 2017. As a result, deferred income was increased by £235,929 and opening reserves were depleted by £235,929.

All opening and closing deferred income relate to contracts with customers.

The reduction in deferred income in the period relates to multiple year contracts being recognised on an equal basis opposed to the billing.

The closing deferred income balance will be recognised in full during the next 12 months.

	Company At 30 September 2019 £	Company At 30 September 2018 £
Trade payables	**42,930**	64,682
Taxes and social security costs	**3,386**	16,229
Accruals and other creditors	**43,807**	76,782
	90,123	157,693

Trade payables are non-interest bearing and are normally settled on 60 day terms. The Group has a financial risk management policy in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the Financial Statements continued

For the year ended 30 September 2019

20 Borrowings

	Group	
	At 30 September 2019 £	At 30 September 2018 £
Current		
Venture debt	**159.730**	298,998
Shareholder loans	**–**	–
	159,730	298,998
Non-current		
Venture debt	**243,500**	403,230
Shareholder loans	**–**	–
	243,500	403,230
Total borrowings	**403,230**	702,228

Venture debt

The venture debt is secured by way of a fixed and floating charge over the title of all assets held by i-solutions Global Limited.

The Group borrowings are repayable as follows:

	At 30 September 2019 £	As restated At 30 September 2018 £
Within 1 year	**159,730**	298,998
Between 1 year and 2 years	**179,098**	159,730
Between 2 years and 5 years	**64,402**	243,500
	403,230	702,228

The Directors consider the value of all financial liabilities to be equivalent to their fair value.

Venture debt

The venture debt has a fixed interest rate of the higher of 11.5 per cent per annum or LIBOR plus 8 per cent per annum.

Shareholder loans

The shareholder loans have fixed interest rates of between 11 per cent and 12 per cent per annum.

21 Provisions

	Group Leasehold dilapidations £
At 1 October 2018	80,702
Capitalised in Short Leasehold assets (Note 14)	–
Release of provision	–
At 30 September 2019	**80,702**
Due within one year	–
Due after more than one year	80,702
	80,702

The provision relates to the estimated cost of returning leasehold properties to their original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. There are no provisions in the company balance sheet at 30 September 2019.

22 Share capital

	Group and company At 30 September 2019 £	Group and company At 30 September 2018 £
Authorised, allotted, called up and fully paid		
29,571,605 Ordinary shares of £0.10 each	**2,957,161**	2,957,161
	2,957,161	2,957,161

Fully paid shares, which have a par value of £0.10, carry one vote per share and carry rights to a dividend.

Notes to the Financial Statements continued

For the year ended 30 September 2019

23 Share based payments

Share options

i-solutions Global Limited has granted share options at its discretion to Directors and employees. These are accounted for as equity settled options. Details for the share options granted, exercised, lapsed and outstanding at the end of each year are as follows:

	Number of share options 2019	**Weighted average exercise price £ 2019**	Number of share options 2018	Weighted average exercise price £ 2018
Outstanding at the beginning of the year	**–**	**–**	262,184	1.45
Granted during the year	**–**	**–**	27,337	1.00
Forfeited/lapsed during the year	**–**	**–**	(2,730)	3.36
Exercised during the year	**–**	**–**	(286,791)	1.39
Outstanding at the end of the year	**–**	**–**	–	–
Exercisable at the end of the year	**–**	**–**	–	–

The total recognised share based payment expense during the year by the Group was £0 (2018: £30,000). All options have been exercised or forfeited by the end of the year. The vesting conditions attached to the share options are considered to have been met in the year so the share based payment charge has been accelerated in the Statement of Comprehensive Income.

24 Financial commitments

The operating lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 7.

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

	Group At 30 September 2019 £	Group At 30 September 2018 £
Land and buildings		
Within 1 year	**141,389**	89,000
Within 2 – 5 years	**61,618**	133,500
After 5 years	**–**	–
	203,007	222,500

On 7 March 2016 the Group entered into a 5-year lease for the premises at Herald Avenue. The break date of this lease is 1 April 2019. (New leased entered into on 14 May 2019 until 31 January 2021)

There were no capital commitments at 30 September 2019 or 30 September 2018.

25 Related parties

At 30 September 2019, i-solutions Global Limited owed loans amounting to £403,230 to shareholders and Directors (30 September 2018: £702,228)

During the year the company was charged marketing support costs of £38,563 by Napkin Jack Limited, a company in which James Davies, a (then) Director of i-nexus Global plc, is a Director. At the year end, £nil of this cost was unpaid.

At 30 September 2019, the Group owed the Directors £nil (2018: £26,640) of remuneration.

26 Events after the reporting period

There are no events after the reporting period to disclose.

27 Control

There is no ultimate controlling party of i-nexus Global plc.

28 IFRS 15 – Revenue from Contracts with Customers

In the current financial year, the Group adopted IFRS 15 Revenue from Contracts with Customers. The Group elected to apply the full retrospective method and restate comparative information from prior periods upon adoption of IFRS 15.

The Group has two reportable segments upon which revenue can be categorised. Our core offering is through licence fees, in addition to professional services. The Group has assessed the principal indicators of IFRS 15 and concluded that both the licence fee and the professional services element associated with an initial deployment is one performance obligation.

The core principle of IFRS 15 is that an entity should recognise revenue, to depict the transfer of promised goods or services to customers, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, revenue is recognised when the performance obligation on each contract has been satisfied with the customer. At the outset of each contract, an assessment is completed to determine the relevant performance obligations on each of the contracts. As defined in IFRS 15, performance obligations in a contract are either goods or services that are distinct, or a series of goods or services that are substantially the same. Services which are not distinct, which in the case of the Group relate to setup fees, are combined with other services in the contract until a performance obligation is satisfied.

At the outset of a contract, the transaction price for that particular contract is determined, being the total value, the Group expects to receive for the provision of the relevant goods or service. The transaction price determined is allocated to each performance obligation based on their stand-alone selling price.

One segment of revenue is the subscription to i-nexus' platform. This forms the basis of the monthly recurring revenue which adopts the total contract fee and recognises this across the term of the contract. This allows clients access to i-nexus software and is consumed on a month by month basis.

The second revenue stream relates to our professional services, which relate to configuring the i-nexus platform, writing reports and generic training. The element of professional services which is sold to a new client relating to the configuration of the system will sit as one performance obligation alongside the licence revenue. In essence, the system isn't useable without the configuration taking place and the configuration cannot take place until the licences for the software have been purchased. Therefore, it is deemed that the configuration element of professional services should be recognised in line with the service fee rather than previously recognising 100% of this revenue upfront.

Notes to the Financial Statements continued

For the year ended 30 September 2019

28 IFRS 15 – Revenue from Contracts with Customers (continued)

In summary, on application of IFRS 15, some changes in accounting policy resulted principally in the following areas:

- Set-up fees charged on contracts, which were previously recognised upfront when the set-up was complete, are now spread over the life of the contract under IFRS 15, impacting revenue and deferred revenue.

The impact on revenue and EBITDA on the opening retained earnings at 1 October 2018 is not material. The tables below show the effect of IFRS 15 on the consolidated income statement for the year to 30 September 2018 and the year to 30 September 2019, the impact on the statement of financial position as at 30 September 2018 and 30 September 2019.

	Year to 30/09/2019			Year to 30/09/2018		
Consolidated income statement (extract)	**Pre IFRS 15 £'000**	**IFRS 15 impact £'000**	**Total £'000**	Originally reported £'000	IFRS 15 impact £'000	Restated £'000
Revenue	**4,715**	**44**	**4,759**	4,714	28	4,742

	Year to 30/09/2019			Year to 30/09/2018		
Statement of financial position (extract)	**Pre IFRS 15 £'000**	**IFRS 15 impact £'000**	**Total £'000**	Originally reported £'000	IFRS 15 impact £'000	Restated £'000
Deferred Income	**(1,473)**	**(68)**	**(1,541)**	(1,952)	(112)	(2,064)
Retained earnings	**(19,434)**	**(68)**	**(19,502)**	(15,368)	(112)	(15,480)

*retained earnings movement is based on the cumulative impact on adoption of IFRS 15 under the full retrospective method. The impact on opening retained earnings at 1 October 2018 on adoption of IFRS 15 was an increase of £0.1m.

29 Prior period adjustment

Changes to the statement of financial position

	At 30 September 2018			
	Previously reported £	Adjustment at 1 Oct 2017 £	Adjustment at 30 Sep 2018 £	As restated £
Balances as restated before prior period adjustments:				
Creditors due within one year				
Deferred income	(1,716,746)	(235,927)	–	(1,952,673)
Net assets	5,725,580	(235,927)	–	5,489,653
Capital and reserves				
Profit and loss	(14,307,385)	(235,927)	–	(14,543,312)
Total equity	(2,321,745)	(235,927)	–	(2,557,672)

Changes to the income statement

	Period ended 30 September 2018		
	Previously reported £	Adjustment £	As restated £
Balances as restated before prior period adjustments:			
Loss for the financial period	(849,904)	–	(849,904)

Reconciliation of changes in equity

	Notes	1 October 2017 £	30 September 2018 £
Equity as previously reported		(2,321,745)	5,725,580
Adjustments to prior year			
Prior period adjustment	a	(235,927)	(235,927)
Equity as adjusted before effect of new standards adopted		(2,557,672)	5,489,653

Reconciliation of changes in loss for the previous financial period

	2018 £
Loss as previously reported	(849,904)

Notes to reconciliation

a) Prior period adjustment

During the review of IFRS 15, it was identified that a historic error had remained uncorrected over exchange differences between income recognised in the profit and loss account and that deferred in deferred income pre 2017. As a result deferred income was increased by £235,929 and opening reserves were depleted by £235,929.

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