

eviivo Limited
Report and Financial Statements
Year Ended
30 September 2019

Company Number 05002392



eviivo Limited

**Report and financial statements
for the year ended 30 September 2019**

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Directors

G Kamieniecky
M Fitzpatrick
G Knoflach
R Fuller
R Frewer

Secretary and registered office

R Whitehead, 154 Pentonville Road, Islington, London, N1 9JE

Company number

05002392

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

eviivo Limited
Strategic report
for the year ended 30 September 2019

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2019.

Results and dividends

The consolidated statement of comprehensive income is set out on page 8 and shows the loss for the year ended 30 September 2019 against the comparative period. The directors do not recommend payment of a dividend (2018 - Nil).

Principal activities, review of the business and future developments

The principal activities of the group and company are the delivery of web-based business automation services, including booking and revenue management services, to independent hotels, guest houses and other accommodation providers. These services are offered on a global basis, and principally delivered in the UK, European and North American markets.

Activities for the year focused on the continued development of eviivo suite, the company's booking management platform, and further expansion into European markets and North America. During the year the company completed the migration of legacy Xotelia, Rezovation and Webervations customers to eviivo suite. Those legacy systems have all been decommissioned and now 100% of our subscriber base are using eviivo suite™. eviivo suite offers world-class diary, built-in connectivity to major online travel agencies and over 100 low cost community channels, a website and web booking engine, and integrated card management and settlement services, thus providing accommodation providers with a convenient, affordable solution, that is perfectly synchronised and puts them firmly in control.

The group continues to pursue further growth in international markets, through further organic investments in its international operations and the localisation of eviivo suite for European markets both in terms of local language support and support for specific functional and compliance requirements in certain jurisdictions. In the year to September 2019 international revenues derived from eviivo suite increased by 116% over the previous year and international customers accounted for 86% of net customer growth.

The results for the year and financial position of the group and company are as shown in the financial statements.

Group research and development activities

The group's research and development activities focus on on-going platform improvement and the development of new innovative services for both the UK and International markets. A portion of these development expenses have been capitalised on the balance sheet, to the extent that these qualify as R&D expenditure according to accounting guidance. Approximately 50% (2018: 50%) of the total costs of the R&D department have been capitalised.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are the current macroeconomic conditions and the risk of increased competition.

Going concern

At the time of going to press, the global Coronavirus pandemic has had an adverse impact on the travel and tourism sector with most governments imposing severe lockdown restrictions. During this crisis, we have seen unprecedented levels of booking cancellations in excess of new booking volumes. Whilst eviivo revenues were strong in FY19, as FY20 unfolds we expect that revenues will be impacted by covid-19 cancellations, lower than expected performance by major online travel agencies, and a higher than expected level of business closures in the small independent accommodation sector. As lockdown restrictions ease markets have seen an increase in demand for domestic non-business rural vacations and short stays and eviivo are ideally positioned for this type of demand.

eviivo Limited
Strategic report
for the year ended 30 September 2019 (continued)

Principal risks and uncertainties (continued)

Management have stress-tested the assumptions used in the forecasts, including customer booking volumes and new customer activations and are satisfied that there is sufficient flexibility in the group's cost base to ensure that a position where cash would become constrained is remote.

The forecasts take into account additional funds, received in July 2020 (see note 24) and provides the group with greater headroom to face the crisis.

In forming their decision on going concern, the directors have also taken into account the letter of support the majority shareholder has provided in respect of the group's bank loan, should it be required for a period of a least one year from the date of signing of the 2019 financial statements.

See note 1 for further information on going concern.

Brexit

There has been no material adverse impact on eviivo's business to date following the exit of the United Kingdom as a member of the European Union. However, eviivo believe that Brexit will drive unwelcome changes and potentially a negative impact on tourism in 2021, including the possibility of tariffs, and most importantly, the potential impact on eviivo's ability to attract and retain engineers, and sales and service staff with strong multi-lingual capabilities as it seeks to drive international expansion. eviivo continues to closely monitor developments and take appropriate action where necessary.

Competition

eviivo are combining many complex functionalities into a convenient, affordable, all-in-one package, including a property and booking management system, a comprehensive fully integrated realtime channel manager, a website and a booking engine, a range of purpose-built web templates and the comprehensive management of secure payments for all online bookings. This gives eviivo a unique position in the marketplace. Most competitive offerings in the sector are far less complete or far less effective and compliant than eviivo suite. When competing with eviivo, many small low-end vendors, point solutions, and new market entrants attempt to confuse customers by making "me too" functionality claims, often through loosely coupled third party integrations. In order to maintain its leadership position the group is maintaining a strong investment in product development, driving a continuous flow of innovative features and marketing techniques, maintaining its focus on international expansion, and, where appropriate considering 3rd party acquisitions.

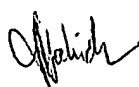
Key performance indicators

New sales of the core eviivo suite product, excluding migrations from legacy products, grew organically by 20% when compared with the year to September 2018. Including legacy migrations, the eviivo subscriber base grew by 43% over the 12 month period. Turnover increased year on year by 13%.

The Operating result for the year was a loss of £2.6m (2018 – £1.3m). Adjusting for non-cash expenses (amortisation of intangible assets, depreciation of tangible assets and share based payment costs), the operating loss for the year to September 2019 was £0.4m (2018 - £1.2m).

Approval

This report was approved on behalf of the Board on



**Michele
Fitzpatrick**

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M Fitzpatrick

Director

eviivo Limited
Directors' report
for the year ended 30 September 2019

The directors present their report together with the audited financial statements for the year ended 30 September 2019.

Directors

The directors of the company during the year and after the year-end were:

R Fuller
M Fitzpatrick
G Kamieniecky
R Frewer
G Knoflach

Going concern

See note 1 for further information on going concern.

Post balance sheet events

See note 24 for further information on post balance sheet events.

Statement of directors' responsibilities

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

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

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

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

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

eviivo Limited
Directors' report
for the year ended 30 September 2019 (continued)

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.

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

M Fitzpatrick

Director



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Date: 30-09-20

eviivo Limited
Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EVIIVO LIMITED

Opinion

We have audited the financial statements of eviivo Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated statement of cash flows and , and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 or Parent Company'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.

Independent auditor's report (continued)

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Andrew Gandell (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
30 September 2020

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

eviivo Limited

Consolidated statement of comprehensive income
for the year ended 30 September 2019

	Note	2019 £'000	2018 (As restated) £'000
Turnover	3	19,396	17,158
Cost of sales		(6,555)	(5,820)
Gross profit		12,841	11,338
Administrative expenses		(15,463)	(12,589)
Operating loss	6	(2,622)	(1,251)
Interest income		15	9
Interest expense	7	(105)	(172)
Loss on ordinary activities before taxation		(2,712)	(1,414)
Taxation	8	(23)	(24)
Loss for the year		(2,735)	(1,438)
Other comprehensive income for the year			
Exchange difference on re-translation of net assets of subsidiary undertakings		(11)	(48)
Total comprehensive loss for the year		(2,746)	(1,486)

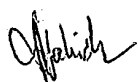
All amounts above relate to continuing activities.

The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited
Consolidated balance sheet
at 30 September 2019

Company number 05002392	Note	2019	2019	2018	2018
		£'000	£'000	(As restated)	(As restated)
				£'000	£'000
Fixed assets					
Intangible assets	9		5,540		6,593
Tangible assets	10		374		427
			<u>5,914</u>		<u>7,020</u>
Current assets					
Debtors: amounts due within one year	12	4,990		4,308	
Debtors: amounts due after more than one year	12	1,819		1,519	
Total debtors	12	6,809		5,827	
Cash at bank and in hand		5,787		5,426	
		<u>12,596</u>		<u>11,253</u>	
Creditors: amounts falling due within one year	13	(12,797)		(10,970)	
Net current (liabilities)/assets			(201)		283
Total assets less current liabilities			5,713		7,303
Creditors: amounts falling due after more than one year	14		(153)		(25)
Provision for liabilities	15		(423)		(200)
Net assets			5,137		7,078
Capital and reserves					
Called up share capital	18		-		-
Share premium account			22,496		22,496
Share option reserve			1,903		1,398
Retained earnings			(19,262)		(16,816)
Shareholders' funds			5,137		7,078

The financial statements were approved by the Board of Directors and authorised for issue on



**Michele
Fitzpatrick**

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**M Fitzpatrick
Director**

The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited

Consolidated statement of changes in equity
for the year ended 30 September 2019

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
30 September 2017 (as previously stated)	-	22,496	1,199	(17,892)	5,803
Prior year adjustment (note 21)	-	-	-	2,376	2,376
30 September 2017 (as restated)	-	22,496	1,199	(15,516)	8,179
<i>Comprehensive loss for the year</i>					
Loss for the year (as restated)	-	-	-	(1,438)	(1,438)
Other comprehensive loss for the year					
Currency translation differences	-	-	-	(48)	(48)
Total comprehensive loss for the year	-	-	-	(1,486)	(1,486)
Contributions by and distributions to owners					
Share option expense	-	-	251	-	251
Share options lapsed	-	-	(52)	-	(52)
Deferred share consideration	-	-	-	186	186
Total contributions by and distributions to owners	-	-	199	186	385
30 September 2018 (as restated)	-	22,496	1,398	(16,816)	7,078
<i>Comprehensive loss for the year</i>					
Loss for the year	-	-	-	(2,735)	(2,735)
Other comprehensive income for the year					
Currency translation differences	-	-	-	(11)	(11)
Total comprehensive loss for the year	-	-	-	(2,746)	(2,746)
Contributions by and distributions to owners					
Share option expense	-	-	586	-	586
Share options lapsed	-	-	(81)	-	(81)
Deferred share consideration	-	-	-	300	300
Total contributions by and distributions to owners	-	-	505	300	805
30 September 2019	-	22,496	1,903	(19,262)	5,137

The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited

Consolidated statement of cash flows
for the year ended 30 September 2019

	Note	2019 £'000	2018 (As restated) £'000
Cash flows from operating activities			
Loss for the financial year		(2,735)	(1,438)
Adjustments for:			
Depreciation of fixed assets and amortisation/impairment of intangible assets	9/10	2,586	2,268
Net interest expense	7	90	163
Taxation expense	8	23	24
Share based payment charge	17	505	199
Increase in trade and other debtors		(678)	(252)
Increase in trade and other creditors		1,420	1,141
Increase in provisions		223	-
Cash from operations		1,434	2,105
Interest received		15	9
Interest paid		(105)	(136)
Taxation paid		(23)	(24)
Net cash generated from operating activities		1,321	1,954
Cash flows from investing activities			
Purchases of tangible assets	10	(270)	(163)
Purchase of intangibles assets	9/22	-	(790)
Capitalised development costs	9/22	(1,209)	(1,153)
Net cash used in investing activities		(1,479)	(2,106)
Cash flows from financing activities			
Capital element of hire purchase liability repaid		(116)	(109)
Repayment of bank loan		-	(3,237)
New bank loans		650	850
Net cash used in financing activities		534	(2,496)
Net decrease in cash and cash equivalents		376	(2,648)
Cash and cash equivalents at beginning of year		5,426	8,122
Foreign exchange gains and losses		(15)	(48)
Cash and cash equivalents at end of year		5,787	5,426

The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited

Company balance sheet
at 30 September 2019

Company number 05002392	Note	2019	2019	2018	2018
		£'000	£'000	(As restated) £'000	(As restated) £'000
Fixed assets					
Intangible assets	9		3,890		4,403
Tangible assets	10		268		414
Investments	11		1,925		1,925
			<u>6,083</u>		<u>6,742</u>
Current assets					
Debtors: amounts due within one year	12	5,809		4,271	
Debtors: amounts due after more than one year	12	1,819		2,445	
Total debtors	12	7,628		6,716	
Cash at bank and in hand		5,293		5,267	
		<u>12,921</u>		<u>11,983</u>	
Creditors: amounts falling due within one year	13	(11,949)		(10,659)	
Net current assets			972		1,324
Total assets less current liabilities			7,055		8,066
Creditors: amounts falling due after more than one year	14		(153)		(25)
Provisions for liabilities	15		(321)		(98)
Net assets			6,581		7,943
Capital and reserves					
Called up share capital	18		-		-
Share premium account			22,496		22,496
Share option reserve			1,903		1,398
Retained earnings			(17,818)		(15,951)
Shareholders' funds			6,581		7,943

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The group loss for the year includes a loss after tax of £2,167,000 (2018 - £606,000) attributable to the parent company.

The financial statements were approved by the Board of Directors and authorised for issue on


M Fitzpatrick
Director

Michele
Fitzpatrick

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The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited

Company statement of changes in equity
for the year ended 30 September 2019

	Share Capital £'000	Share Premium Account £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
30 September 2017 (as previously stated)	-	22,496	1,199	(17,892)	5,803
Prior year adjustment (note 21)	-	-	-	2,361	2,361
30 September 2017 (as restated)	-	22,496	1,199	(15,531)	8,164
<i>Comprehensive loss for the year</i>	-	-	-	(606)	(606)
Loss for the year (as restated)	-	-	-	(606)	(606)
Total comprehensive loss for the year	-	-	-	(606)	(606)
Contributions by and distributions to owners					
Share options expense	-	-	251	-	251
Share options lapsed	-	-	(52)	-	(52)
Deferred share consideration	-	-	-	186	186
Total contributions by and distributions to owners	-	-	199	186	385
30 September 2018 (as restated)	-	22,496	1,398	(15,951)	7,943
<i>Comprehensive loss for the year</i>	-	-	-	(2,167)	(2,167)
Loss for the year	-	-	-	(2,167)	(2,167)
Total comprehensive loss for the year	-	-	-	(2,167)	(2,167)
Contributions by and distributions to owners					
Share options expense	-	-	586	-	586
Share options lapsed	-	-	(81)	-	(81)
Deferred share consideration	-	-	-	300	300
Total contributions by and distributions to owners	-	-	505	300	805
30 September 2019	-	22,496	1,903	(17,818)	6,581

The notes on pages 14 to 31 form part of these financial statements.

eviivo Limited

Notes forming part of the financial statements for the year ended 30 September 2019

1 Accounting policies

eviivo Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report.

Basis of preparation

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

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

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance. Based on the information contained within the accounts and including specific consideration with the risks associated with the COVID-19 situation, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

At the balance sheet date, the group had net current liabilities and net assets of £201,000 (2018 – net current assets - £283,000) and £5,137,000 (2018 - £7,078,000) respectively. For the year ended 30 September 2019 the group made a loss before tax of £2,712,000 (2018 - £1,414,000). Despite this the financial statements have been prepared on a going concern basis as the losses were planned as part of the development of the group. As at the balance sheet date, the draw down value of the revolving cash flow facility was £650,000 (2018 - £Nil). This facility remains available until November 2021 with £3,500,000 to fund the working capital requirements of the Group. The shareholders and directors have prepared forecasts and budgets, which support the group's ability to meet its debts as they fall due for the foreseeable future.

In March 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions, causing disruption to some businesses.

The directors have carried out a detailed stress test in order to consider how much performance would need to degrade before cash would be constrained, along with the likelihood of such a scenario occurring. After undergoing this exercise and taking into account the flexibility in the group's cost base together with the points below, the directors are comfortable, that a scenario that would result in the business not having sufficient cash reserves is extremely remote.

The Directors consider that the group has access to sufficient funding to meet its financial obligations as they fall due. In forming this decision the directors have taken into account the fact that Eyra Holdings Limited has provided funding post year end (see note 24) and that the majority shareholder has provided a letter of support in respect of the group's bank loan, should it be required for a period of a least one year from the date of signing of the 2019 financial statements. As a result, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated statement of comprehensive income and consolidated balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 September 2019. The results of subsidiaries sold or acquired are included in the consolidated statement of comprehensive income up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of 5-10 years. It is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Commissions and service agent fees based on bookings are recognised at the date at which it is determined that the service has been fully delivered, usually when the guest checks in. License fees are recognised proportionately over the period of the license with software sales revenue recognised upon the software being installed and operational. All revenue is recorded net of all applicable sales taxes.

Research and development expenditure

During the year the directors changed their accounting policy in respect of capitalising development costs to provide more relevant and reliable information about these transactions. See note 21 for the resulting adjustments to the prior year financial statements. The group's policy is now as follows:

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives, which is deemed to be 5 years. Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

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

Research and development tax credit

Companies within the group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits), using the above the line ('ATL') R&D tax credit scheme. The group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the group and that benefit can be reliably measured. R&D tax credits are accounted within administrative expenses reducing the expenditure incurred on the R&D project to which the credit relates. To the extent the amounts due in respect of them are not settled by the balance sheet date, they reduce current tax payable.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	-	Over the period of the lease
Computer equipment	-	2-3 years straight line basis
Fixtures, fittings and equipment	-	2-3 years straight line basis

Leased assets: Lessor

Rental income received from operating leases is recognised on a straight line basis over the term of the lease.

**Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)**

1 Accounting policies (continued)

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different to those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Foreign currency translation

a) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the consolidated statement of comprehensive income.

b) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the company's functional and the group's presentation currency.

**Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)**

1 Accounting policies (continued)

b) Functional and presentation currency (continued)

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the period in which they become payable.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determining whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit;
- Determining whether development costs meet the relevant criteria for capitalisation. Factors taken into consideration include the technical, commercial and financial viability of individual projects, the ability to measure costs incurred, and that the sales of the products will generate future economic benefits;
- Recoverability of amounts owed by group undertakings (note 12) – determine whether provisions are required against amounts owed by group undertakings based on the ability of the fellow subsidiary to generate profits and cash.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

- *Tangible and intangible assets (see note 10 and note 9)*

Tangible and intangible fixed assets are depreciated and amortised respectively over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

3 Turnover

The total turnover of the group for the year has been derived from its principal activity.

The analysis by geographical area of the group's turnover is set out as below:

	2019 Sales by Destination £'000	2019 Sales by Origin £'000	2018 Sales by Destination £'000	2018 Sales by Origin £'000
United Kingdom	13,109	19,211	14,249	16,578
Rest of the World	6,287	185	2,909	580
	<u>19,396</u>	<u>19,396</u>	<u>17,158</u>	<u>17,158</u>

4 Employees

	2019 £'000	2018 £'000
Staff costs for the group during the year:		
Wages and salaries	7,590	6,501
Social security costs	986	936
Pension costs	176	67
	<u>8,752</u>	<u>7,504</u>

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Sales	28	24
Research and development	35	34
Finance and administration	23	19
Customer services	30	28
Marketing	10	8
Activation and customer onboarding	39	32
Revenue management	8	8
Business development	7	6
Channel management	6	5
	<u>186</u>	<u>164</u>

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

4 Employees (continued)

A defined contribution pension scheme is operated by the group on behalf of its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £176,000 (2018 - £67,000). Contributions amounting to £34,356 (2018 - £14,713) were payable to the fund at year end and are included in creditors.

5 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	335	330

The emoluments of the highest paid director amounted to £300,000 (2018 - £300,000).

There is one director in the group's defined contribution pension scheme. Contributions into the director's pension fund amounted to £4,500 (2018 - £nil). During the year, no directors exercised share options (2018 - none).

6 Operating loss

	2019 £'000	2018 (As restated) £'000
The group total has been arrived at after charging/(crediting):		
Amortisation of intangible assets	2,262	1,989
Depreciation of tangible assets	323	280
Gain on foreign exchange transactions	-	(7)
Operating lease rentals	892	784
Auditor's remuneration:		
- audit services	44	43
- taxation compliance services	8	7
Share based payment costs	505	199
Research and development costs	875	845
Research and development tax credit	(80)	(98)
Rental income	(163)	(132)

7 Interest expense

	2019 £'000	2018 £'000
Interest payable on bank loan	105	136
Amortization of loan arrangement fees	-	36
	<u>105</u>	<u>172</u>

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

8 Taxation	2019 £'000	2018 £'000
<i>Domestic current year tax</i>		
UK corporation tax	14	16
Adjustments in respect of previous periods	2	3
	<hr/>	<hr/>
<i>Foreign corporation tax</i>		
Foreign corporation tax	3	-
	<hr/>	<hr/>
Total current tax	19	19
<i>Withholding tax</i>		
Withholding tax incurred on overseas sales	4	5
	<hr/>	<hr/>
Total tax charge	23	24
	<hr/>	<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	(As restated) 2018 £'000
Loss on ordinary activities before tax	(2,711)	(1,414)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(515)	(269)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	426	259
R&D expenditure credits	16	16
Adjustments in respect of previous periods	2	3
Withholding tax incurred on overseas sales	(4)	(5)
Deferred tax not recognised	74	2
Tax rate differences	22	13
Utilisation of tax losses brought forward	-	5
Other differences	2	-
	<hr/>	<hr/>
Total tax for period	23	24
	<hr/>	<hr/>

A deferred tax asset of £2,458,000 (2018 - £2,287,000) relating to prior year losses has not been recognised due to the uncertainty around the timing of future taxable profits against which the asset could be utilised.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

9 Intangible assets

Group	Development costs £'000	Technology and trading name £'000	Customer relationships £'000	Goodwill £'000	Total £'000
<i>Cost</i>					
At 1 October 2018 (as restated)	6,712	37	1,353	7,340	15,442
Additions	1,209	-	-	-	1,209
At 30 September 2019	7,921	37	1,353	7,340	16,651
<i>Amortisation</i>					
At 1 October 2018 (as restated)	4,101	27	121	4,600	8,849
Charge for the year	1,049	10	270	933	2,262
At 30 September 2019	5,150	37	391	5,533	11,111
<i>Net book value</i>					
At 30 September 2019	2,771	-	962	1,807	5,540
At 30 September 2018 (as restated)	2,611	10	1,232	2,740	6,593

During the year the directors decided to change their accounting policy in respect of capitalising development costs to provide more relevant information about these transactions. See note 21 for the resulting adjustments to the prior year financial statements.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

9 Intangible assets (continued)

Company	Development costs £'000	Customer relationships £'000	Goodwill £'000	Total £'000
Cost				
At 1 October 2018 (as restated)	6,712	790	4,821	12,323
Additions	1,209	-	-	1,209
At 30 September 2019	7,921	790	4,821	13,532
Amortisation				
At 1 October 2018 (as restated)	4,101	-	3,819	7,920
Charge for the year	1,049	158	515	1,722
At 30 September 2019	5,150	158	4,334	9,642
Net book value				
At 30 September 2019	2,771	632	487	3,890
At 30 September 2018	2,611	790	1,002	4,403

During the year the directors decided to change their accounting policy in respect of capitalising development costs to provide more relevant information about these transactions. See note 21 for the resulting adjustments to the prior year financial statements.

The company's intangible assets consist of goodwill associated with the previous acquisition of the trade and assets of Hotel Solutions Direct Limited and the development costs of the company's software product. Development costs are amortised on a straight-line basis over 3 years from the date of commercialisation, customer relationships are amortised on a straight-line basis over 5 years from the date of acquisition, and goodwill is amortised on a straight line basis over 5 - 10 years from the date of acquisition.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

10 Tangible assets				
Group	Land and buildings leasehold £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At 1 October 2018	104	1,403	501	2,008
Additions	-	162	108	270
Disposals	-	(22)	(50)	(72)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	104	1,543	559	2,206
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 October 2018	104	1,000	477	1,581
Charge for the year	-	300	23	323
Disposals	-	(22)	(50)	(72)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	104	1,278	450	1,832
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2019	-	265	109	374
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2018	-	403	24	427
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
<i>Cost</i>				
At 1 October 2018	104	1,362	421	1,887
Additions	-	134	24	158
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	104	1,496	445	2,045
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 October 2018	104	963	406	1,473
Charge for the year	-	294	10	304
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	104	1,257	416	1,777
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2019	-	239	29	268
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2018	-	399	15	414
	<hr/>	<hr/>	<hr/>	<hr/>

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

10 Tangible assets (continued)

Hire purchase agreements

The net book value of tangible fixed assets for the group and company include an amount of £72,564 (2018 - £246,717) in respect of assets held under hire purchase contracts. Depreciation charged during the year on these assets was £174,153 (2018 - £174,153).

11 Investments

Company	Shares in Group Undertakings £'000
<i>Cost and net book value</i>	
At 30 September 2019 and 1 October 2018	<u>1,925</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Subsidiary undertakings

The company has the following subsidiary undertakings:

Company	Country of registration or incorporation	Class	Shares held %
<i>Subsidiary undertakings</i>			
eviivo Europe Limited	UK	Ordinary	100
eviivo France SAS	France	Ordinary	100
eviivo Labs SARL	Tunisia	Ordinary	100
eviivo Tunisie	Tunisia	Ordinary	100
eviivo GmbH	Germany	Ordinary	100
eviivo Italia SRL	Italy	Ordinary	100
eviivo SL	Spain	Ordinary	100
eviivo Inc	USA	Ordinary	100
eviivo Morocco SARL	Morocco	Ordinary	100

eviivo Limited

**Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)**

11 Investments (continued)

The principal activity of these undertakings for the last relevant financial year was as follows;

Company	Principal activity	Registered address
eviivo Europe Limited	Dormant	154 Pentonville Rd, London, N1 9JE
eviivo France SAS	Providing support services to eviivo Limited	42, Cours Suchet 69002 Lyon
eviivo Labs SARL	Providing support services to eviivo Limited	Angle Rue de la Bourse & Rue du Corail, Immeuble Mimosa 1er Étage, 1053 Les Jardins du Lac 2, Tunisia
eviivo Tunisie	Providing support services to eviivo Limited	Angle Rue de la Bourse & Rue du Corail, Immeuble Mimosa 1er Étage, 1053 Les Jardins du Lac 2, Tunisia
eviivo GmbH	Providing support services to eviivo Limited	Konigsallee 92a, 40212 Dusseldorf, Germany
eviivo Italia SRL	Providing support services to eviivo Limited	Via Silvio Pellico ,24 Rome - 00195, Italy
eviivo SL	Dormant	Avenida Riera Principal 8, 08328 Alella (Barcelona), Spain
eviivo Inc	Providing support services to eviivo Limited	8 The Green, Suite 6,349 Dover, DE 19901
eviivo Morocco SARL	Providing support services to eviivo Limited	39 – Av. Lalla Yacout, 5ème étage, Appt. D – Casablanca, Morocco

All subsidiary undertakings are included in these consolidated financial statements.

12 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	336	259	288	259
Amounts owed by group undertakings	-	-	1,290	945
Corporation tax	161	131	130	111
Other debtors	3,922	3,321	3,821	3,295
Prepayments and accrued income	2,390	2,116	2,099	2,106
	<u>6,809</u>	<u>5,827</u>	<u>7,628</u>	<u>6,716</u>

Debtors: amounts due after more than one year consist of a balance of £1,819,477 (2018 - £1,519,137) included within other debtors. More details are included in note 22. In addition the amounts owed by group undertakings are classified as due after more than one year.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

13 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank loans and overdrafts	650	-	650	-
Trade creditors	1,713	1,220	1,300	1,187
Amounts owed to group undertakings	-	-	44	24
Taxation and social security costs	702	753	643	615
Other creditors	485	658	480	654
Accruals and deferred income	9,247	8,220	8,831	8,060
Obligations under finance lease and hire purchase contracts	-	119	-	119
	<u>12,797</u>	<u>10,970</u>	<u>11,949</u>	<u>10,659</u>

The bank loan represents a revolving cash flow facility. The amount of £650,000 was drawn down as at September 2019, the facility was renewed and remains available for a further two years from the balance sheet date.

Within accruals and deferred income is client money amounting to £7,371,000 (2018 - £6,085,800). This is represented by equivalent amounts in the cash balances and other debtors.

14 Creditors: amounts falling due after more than one year

	Group and Company 2019 £'000	Group and Company 2018 £'000
Obligations under hire purchase contracts	-	25
Rent discount over the operating lease	153	-
	<u>153</u>	<u>25</u>

Total of group future minimum lease payments under hire purchase contracts and rent discount over the operating lease period:

	Rent discount 2019 £'000	Rent discount 2018 £'000	Hire purchase 2019 £'000	Hire purchase 2018 £'000
Not later than 1 year	94	-	-	119
Later than 1 year and not later than 5 years	153	-	-	25
	<u>247</u>	<u>-</u>	<u>-</u>	<u>144</u>
Total	<u>247</u>	<u>-</u>	<u>-</u>	<u>144</u>

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

15 Provision for liabilities

Group	Other provisions £'000	Dilapidation provision £'000	Deferred tax liabilities £'000	Total £'000
As at 30 September 2018	-	98	102	200
Additions	208	15	-	223
As at 30 September 2019	208	113	102	423
Company				
As at 30 September 2018	-	98	-	98
Additions	208	15	-	223
As at 30 September 2019	208	113	-	321

Dilapidations provision expected to be utilised at the end of rental lease on 31 March 2022.

Other provisions includes a potential obligation to pay commissions on bookings taken via a distribution partner after that partner went into administration.

16 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Financial assets				
Financial assets that are measured at amortised cost	11,915	10,703	12,288	11,462
Financial liabilities				
Financial liabilities measured at amortised cost	11,504	10,242	10,725	9,950

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, accrued income, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, accruals and other creditors.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

17 Employee share schemes

Share based payments

eviivo Limited operates an equity-settled share based remuneration scheme for employees. All UK employees are eligible to participate in the long term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the vesting period.

The options all vest in 12 equal tranches over three years from grant with the first tranche vesting after three months and subsequent tranches vesting at three-monthly intervals thereafter.

The terms and conditions of grants are as follows:

	2019 Weighted Average Exercise Price (pence)	2019 Number of options	2018 Weighted Average Exercise Price (pence)	2018 Number of Options
Outstanding at the beginning of the year	45	5,621,320	45	5,464,820
Granted during the year	57	2,565,000	46	265,000
Forfeited during the year	51	(357,250)	45	(108,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	49	7,829,070	45	5,621,320
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at the end of the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial model. Measurement inputs and assumptions are as follows:

	2019	2018
Fair value at measurement date (pence)	31	31
Weighted average share price at grant date (pence)	57	57
Exercise price (pence)	57	57
Expected volatility	59%	59%
Expected term	5.8 years	5.8 years
Risk free interest rate	2.260%	1.155%

The expected volatility is estimated using the average volatility of a basket of comparator companies.

The total expense recognised for the year from share based payments are as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Equity settled share based payments	505	199	505	199
	<hr/>	<hr/>	<hr/>	<hr/>

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

18 Share capital

	Allotted, called up and fully paid			
	2019 Number	2018 Number	2019 £'000	2018 £'000
Ordinary shares of £0.00001 each	10,004,621	10,049,128	-	-
Special shares of £0.00001 each	3	3	-	-
	<u>10,004,624</u>	<u>10,049,131</u>	<u>-</u>	<u>-</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The special shares have no voting rights, no rights to receive dividends and no rights to participate in the capital or assets of the company. The shares may be redeemed on an exit at the agreed non-participating share redemption price.

On 11th of September 2019, following due process and having passed a special resolution, the company bought back and cancelled 44,507 Ordinary shares of nominal value £0.00001.

19 Reserves

The group and company's reserves are as follows:

- The share capital reserve represents the nominal value of the shares issued.
- The share premium reserve includes the premium on issue of equity shares, net of any issue costs.
- The share option reserve is used to recognise the cumulative charge for share options issued to employees but not exercised, based on their grant date fair value.
- The retained earnings account represents cumulative profits or losses, net of dividends paid and other adjustments.

eviivo Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

20 Commitments under operating leases

Lessee

As at 30 September 2019, the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2019 £'000	Other 2019 £'000	Land and Buildings 2018 £'000	Other 2018 £'000
Operating leases which expire:				
Within one year	869	2	721	5
In two to five years	1,672	2	1,671	6
In over five years	100	-	-	-
	<u>2,641</u>	<u>4</u>	<u>2,392</u>	<u>11</u>

As at 30 September 2019, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2019 £'000	Other 2019 £'000	Land and Buildings 2018 £'000	Other 2018 £'000
Operating leases which expire:				
Within one year	644	2	644	5
In two to five years	965	2	1,609	6
	<u>1,609</u>	<u>4</u>	<u>2,253</u>	<u>11</u>

Lessor

The group leases out property under non-cancellable operating leases for the following minimum lease payments:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Operating leases which expire:				
Within one year	<u>163</u>	<u>132</u>	<u>163</u>	<u>60</u>

Rental income has been disclosed as a reduction against Administrative expenses in the statement of comprehensive income. Since this is not considered to be part of the main revenue generating activities, the Group has presented this separately from revenue.

Notes forming part of the financial statements
for the year ended 30 September 2019 (continued)

21 Prior year restatement – capitalisation of development costs

During the year the directors updated their accounting policy in respect of the treatment of qualifying development expenditure. Previously the directors had expensed all development expenditure to the statement of comprehensive income. On review it was determined that certain development expenditure meeting the criteria to be capitalised, would be capitalised. The change in accounting policy provides more relevant and reliable information over the nature of the development costs incurred.

The directors reviewed development expenditure from 2014. Any impact to the current or prior year financial statements from periods prior to that was immaterial.

The change in accounting policy resulted in a prior period adjustment to increase intangible assets as at 30 September 2018 by £2.6m, a decrease to administrative expenses of £0.3m for the year ended 30 September 2018 and an increase to retained earnings of £2.3m as of 1 October 2017.

22 Related party relationships and transactions

The company has taken advantage of the exemption allowed by FRS 102 not to disclose transactions with members of the group on the grounds that the company wholly owns group members and all subsidiary companies are included in the financial statements.

At the 30 September 2019 a current director Michele Fitzpatrick owed the company £2,154,000 (2018 - £2,154,000) in respect of shares issued on 3 January 2013. This is due to eviivo on 31 March 2021. The present value of this balance is £1,819,477 (2018 - £1,519,137) which is included within other debtors (note 12).

At the 30 September 2019 a current director Michele Fitzpatrick is owed a bonus of £284,500 (2018 - £284,500) accumulated since joining the company. This is included within other provisions (note 15).

Key management personnel include all directors across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £334,500 (2018 - £330,000).

23 Ultimate parent undertaking and controlling party

The company is controlled by Eyra Holdings Limited, a company registered in the Cayman Islands.

The ultimate controlling party is Investcorp Bank B.S.C incorporated in Bahrain.

Investcorp Bank B.S.C is the parent of both the largest and smallest group of undertakings including eviivo limited for which group accounts are drawn up.

24 Post balance sheet events

Post balance sheet events were assessed up to the date of signing of the financial statements. In March 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions. The impact of COVID-19 has been considered as part of the group's going concern assessment with a focus on the impact on the group's revenues and working capital. Management have considered the impact on the valuation of non-current and current assets and deem it to be immaterial. The pandemic is a non-adjusting post balance sheet event for the year ended 31 December 2019.

On 13 July 2020, the group received £3,000,000 from Eyra Holdings Limited.