

# Intelligent Reach Limited

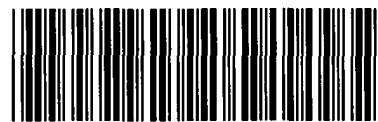
Report and Financial Statements

Year ended

31 March 2018 ·

Company Number 08986335

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# Intelligent Reach Limited

Report and financial statements  
for the year ended 31 March 2018

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## Contents

### Page:

1	Directors' report
3	Independent auditor's report
6	Consolidated statement of comprehensive income
7	Consolidated balance sheet
8	Consolidated statement of changes in equity
9	Company balance sheet
10	Company statement of changes in equity
11	Notes forming part of the financial statements

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<b>The Board of Directors</b>	Steven Rivers Andrew Thomas Colin Tenwick Robin Martin
<b>Registered Office</b>	Clockwork Building 45 Beavor Lane Hammersmith W6 9AR
<b>Secretary</b>	MH Secretaries Limited 11 Staple Inn London WC1V 7QH
<b>Company number</b>	08986335
<b>Auditors</b>	BDO LLP, 55 Baker Street, London, W1U 7EU

# Intelligent Reach Limited

## Directors' report for the year ended 31 March 2018

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The directors present their report together with the audited financial statements for Intelligent Reach Limited ("the Company") for the year ended 31 March 2018.

### Results and future developments

The consolidated income statement is set out on page 6 and shows the loss for the year of £(770,563) (2017: £(894,429)). The directors expect the Company to generate a net loss in the next financial year with profitability forecasted thereafter as a result of a strong pipeline and increased activity within the Australian business.

### Principal activity

The principal activity of the Company in the year under review continues to centre around the provision of the Company's e-commerce, sales and marketing platform to large corporate customers.

### Directors

The directors of the Company during the year were:

Steven Rivers  
Andrew Thomas  
Colin Tenwick  
Robin Martin

### Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# Intelligent Reach Limited

Directors' report  
for the year ended 31 March 2018 *(continued)*

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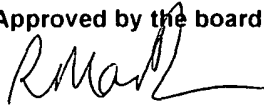
## Auditors

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 Group'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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

Approved by the board and signed on its behalf.



Robin Martin  
Director

17/12/18  
Date:

# Intelligent Reach Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INTELLIGENT REACH LIMITED

#### Opinion

We have audited the financial statements of Intelligent Reach Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity 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 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 31 March 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 the 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.

# Intelligent Reach Limited

## Independent auditor's report *(continued)*

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# Intelligent Reach Limited

## Independent auditor's report (continued)

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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.

### 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 at 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.



Julian Frost (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date 17 December 2018

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

# Intelligent Reach Limited

## Consolidated statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £	2017 £
<b>TURNOVER</b>	3	<b>2,671,861</b>	2,012,953
Cost of sales		<u>(125,132)</u>	<u>(139,496)</u>
<b>GROSS PROFIT</b>		<b>2,546,729</b>	1,873,457
Administrative expenses		<u>(3,442,320)</u>	<u>(3,082,339)</u>
<b>OPERATING LOSS</b>	6	<b>(895,591)</b>	(1,208,882)
Interest receivable and similar income	7	-	22,315
Interest payable and similar charges	7	<u>(103,754)</u>	<u>(57,444)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(999,345)</b>	(1,244,011)
Taxation on loss on ordinary activities	8	<u>225,175</u>	<u>333,202</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(774,170)</b>	(910,809)
Currency translation differences		<u>3,607</u>	<u>16,380</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(770,563)</u></b>	<b><u>(894,429)</u></b>

All amounts relate to continuing activities.

The notes on pages 11 to 24 form part of these financial statements.

## Intelligent Reach Limited

Consolidated balance sheet  
at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>FIXED ASSETS</b>					
Goodwill	10		885,103		1,492,032
Tangible assets	11		12,259		19,066
			<u>897,362</u>		<u>1,511,098</u>
<b>CURRENT ASSETS</b>					
Debtors	12	718,416		965,429	
Cash at bank and in hand		517,694		250,844	
		<u>1,236,110</u>		<u>1,216,273</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(971,971)</b>		<b>(788,573)</b>	
<b>NET CURRENT ASSETS</b>			<u>264,139</u>		<u>427,700</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,161,501</u>		<u>1,938,798</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<b>(2,483)</b>		<b>(9,217)</b>
<b>PROVISIONS FOR LIABILITIES</b>	15		<b>(90,552)</b>		<b>(90,552)</b>
			<u>1,068,466</u>		<u>1,839,029</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		18,056		18,056
Share premium	17		4,527,943		4,527,943
Warrant reserve	17		687,498		687,498
Comprehensive loss			<b>(4,165,031)</b>		<b>(3,394,468)</b>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,068,466</u>		<u>1,839,029</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Board of Directors and authorised for issue on 17 December 2018



Robin Martin  
Director

The notes on pages 11 to 24 form part of these financial statements.

**Intelligent Reach Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 March 2018**

	Share capital £	Share premium £	Warrant reserve £	Comprehensive loss £	Total £
<b>1 April 2017</b>	<b>18,056</b>	<b>4,527,943</b>	<b>687,498</b>	<b>(3,394,468)</b>	<b>1,839,029</b>
Total comprehensive loss for the year	-	-	-	(770,563)	(770,563)
<b>31 March 2018</b>	<b>18,056</b>	<b>4,527,943</b>	<b>687,498</b>	<b>(4,165,031)</b>	<b>1,068,466</b>

	Share capital £	Share premium £	Warrant reserve £	Comprehensive loss £	Total £
<b>1 April 2016</b>	16,911	4,247,765	687,498	(2,500,039)	2,452,135
Total comprehensive loss for the year	-	-	-	(894,429)	(894,429)
Shares issued	1,145	280,178	-		281,323
<b>31 March 2017</b>	<b>18,056</b>	<b>4,527,943</b>	<b>687,498</b>	<b>(3,394,468)</b>	<b>1,839,029</b>

The notes on pages 11 to 24 form part of these financial statements.


# Intelligent Reach Limited

Company balance sheet  
at 31 March 2018

Company number 08986335	Note	2018 £	2018 £	2017 £	2017 £
<b>FIXED ASSETS</b>					
Investment	9		96,938		96,938
Goodwill	10		789,402		1,330,710
Tangible assets	11		12,205		18,993
			<u>898,545</u>		<u>1,446,641</u>
<b>CURRENT ASSETS</b>					
Debtors	12	962,937		1,061,326	
Cash at bank and in hand		362,563		192,458	
		<u>1,325,500</u>		<u>1,253,784</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(963,042)</b>		<b>(825,633)</b>	
<b>NET CURRENT ASSETS</b>			<b>362,458</b>		<b>428,151</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>1,261,003</b>		<b>1,874,792</b>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<b>(2,483)</b>		<b>(9,217)</b>
<b>PROVISIONS FOR LIABILITIES</b>	15		<b>(90,552)</b>		<b>(90,552)</b>
			<u>1,167,968</u>		<u>1,775,023</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		18,056		18,056
Share premium	17		4,527,943		4,527,943
Warrant reserve	17		687,498		687,498
Comprehensive loss			<b>(4,065,529)</b>		<b>(3,458,474)</b>
<b>SHAREHOLDERS' FUNDS</b>			<b>1,167,968</b>		<b>1,775,023</b>

The Company has taken advantage of the exemption available under s408 of the Companies Act 2006 in not presenting a separate income statement. The loss attributable to the parent company for the year was £607,055, (2017: £(801,454)).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The financial statements were approved by the Board and authorised for issue on 7/12/18. They were signed on its behalf by:

  
 Robin Martin  
 Director

The notes on pages 11 to 24 form part of these financial statements.

**Intelligent Reach Limited**  
**Company statement of changes in equity**  
**For the year ended 31 March 2018**

	Share capital £	Share premium £	Warrant reserve £	Comprehensive loss £	Total £
<b>1 April 2017</b>	18,056	4,527,943	687,498	(3,458,474)	1,775,023
Total comprehensive loss for the year	-	-	-	(607,055)	(607,055)
<b>31 March 2018</b>	<u>18,056</u>	<u>4,527,943</u>	<u>687,498</u>	<u>(4,065,529)</u>	<u>1,167,968</u>
	Share capital £	Share premium £	Warrant reserve £	Comprehensive loss £	Total £
<b>1 April 2016</b>	16,911	4,247,765	687,498	(2,657,020)	2,295,154
Total comprehensive loss for the year	-	-	-	(801,454)	(801,454)
Shares issued	1,145	280,178	-	-	281,323
<b>31 March 2017</b>	<u>18,056</u>	<u>4,527,943</u>	<u>687,498</u>	<u>(3,458,474)</u>	<u>1,775,023</u>

The notes on pages 11 to 24 form part of these financial statements.

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 1 Accounting policies

Intelligent Reach Limited is a private company limited by shares and 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 directors' report. The financial statements have been prepared in accordance with FRS 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### *Basis of Measurement*

The consolidated financial statements have been prepared on a historical cost basis except for Financial Instruments which are measured at fair value through profit and loss

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies. These judgements are set out in note 2.

The following principal accounting policies have been applied:

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales for the provision of our platform for managing and optimising ecommerce product marketing. The Platform and Managed Services revenue is recognised over the period that the service is provided on a straight line basis. Revenue associated with set up fees is recognised when the set up process is complete and the customer 'goes live' on the platform.

#### *Basis of Consolidation*

The consolidated financial statements present the results of Intelligent Reach Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. An overview of the subsidiaries that are included in the consolidation is given in note 9.

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

In consolidation, management has accounted for the difference in the statutory financial year of subsidiary Intelligent Reach Pty Limited which commences on 1 July every year.

#### *Cash Flow Statement*

The group has taken advantage of the exemption allowed by FRS 102 paragraph 1.12(b), not to present a cash flow statement.

#### *Going Concern*

The directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements. The forecast contains assumptions about the performance of the business which include the director's best estimates of future development of the business, including consideration of working capital assumptions and cash reserves.

Based on this forecast, and the support of the shareholders, the directors are satisfied that Intelligent Reach Limited is adequately funded at present and has the ability to continue on a going concern basis. Consequently, the group's financial statements have been prepared on a going concern basis.

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 (continued)

## 1 Accounting policies (continued)

### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. The useful life of goodwill is estimated to be 5 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

### *Tangible Assets and Depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is calculated at the following rates:

Software	-	33% per annum
Fixtures, fittings and equipment	-	25% per annum

### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment.

### *Current and deferred taxation*

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

### *Foreign Currency translation*

#### *(a) 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 'sterling', which is the company's functional and the group's presentation currency.

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 1 Accounting policies (*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, including any goodwill in relation to that entity. 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.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

#### *Financial assets*

Financial assets, other than investments, 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, excluding convertible debt, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Convertible debt*

Any proceeds received on issue of the group's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

All convertible loan notes in issuance as at the year-end have been accounted for as financial liabilities and are recognised at fair value through profit or loss.

#### *Leases*

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments during the least term. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement.

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

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### 1 Accounting policies (continued)

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the balance of the 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 the income statement on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

#### *Pensions*

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income statement in the year they are payable.

#### *Reserves*

The group and company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The Warrant reserve includes the fair value of warrants issued in previous reporting periods.
- Comprehensive loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 2 Significant judgments and estimates

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

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill and investment balances. 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.

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 (continued)

## 3 Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,857,690	1,586,207
Australia	814,171	426,746
	<u>2,671,861</u>	<u>2,012,953</u>

## 4 Employees

	2018 £	2017 £
Staff costs consist of:		
Wages and salaries	1,721,355	1,572,076
Social security costs	225,227	158,538
Other pension costs	42,171	20,560
	<u>1,988,753</u>	<u>1,751,174</u>

The average monthly number of employees, including directors, at the end of the year was 35 (2017 - 30).

## 5 Directors

	2018 £	2017 £
Directors' remuneration consist of:		
Emoluments	432,961	462,490
	<u>171,190</u>	<u>181,650</u>

The total amount paid for pension contributions on behalf of directors was £11,770 (2017 – £9,194). Pension contributions were paid for the director with the highest emoluments was £2,133 (2017 – £Nil)

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 (continued)

6 Operating loss	2018 £	2017 £
This has been arrived at after charging:		
Depreciation	15,514	15,035
Amortisation	606,929	606,936
Auditors - audit related services	26,650	28,300
Auditors - non audit related services:		
- Incentive advisory		4,500
- Tax compliance	6,500	6,500
Operating lease rentals	125,117	95,241
	<u>          </u>	<u>          </u>
7 Net interest receivable and payable and similar income	2018 £	2017 £
Foreign currency losses	(27,963)	-
Foreign currency gains	-	22,315
Unsecured loan notes	(75,791)	(57,444)
	<u>          </u>	<u>          </u>
	(103,754)	(35,129)
	<u>          </u>	<u>          </u>
8 Taxation on loss from ordinary activities	2018 £	2017 £
<i>Total taxation</i>		
Current tax credit for the year	201,841	320,979
Foreign taxes suffered	23,334	12,223
	<u>          </u>	<u>          </u>
Total tax credit	225,175	333,202
	<u>          </u>	<u>          </u>

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 8 Taxation on loss from ordinary activities (continued)

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

	2018 £	2017 £
Loss on ordinary activities before tax	(999,345)	(1,244,011)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 20%)	(191,780)	(248,802)
Effects of:		
Expenses not deductible for tax purposes	23,860	5,259
Other permanent differences	(10)	465
Capital allowances for year in excess of depreciation		
Loss carried forward	167,919	243,078
Overseas tax	(23,334)	(12,223)
Research and development tax credit	(201,830)	(320,979)
Current tax credit for period	(225,175)	(333,202)

#### *Factors that may affect future tax charges*

No deferred tax asset has been recognised in respect of unrelieved trading losses totalling £2,869,190 (2017 - £2,733,629) as there is insufficient certainty over the timing and extent of future profits.

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 (*continued*)

## 9 Fixed asset investments

<b>Company</b>	<b>£</b>
<i>Cost</i>	
At 1 April 2017	391,151
Additions	-
	<hr/>
<b>At 31 March 2018</b>	<b>391,151</b>
	<hr/>
<i>Impairment</i>	
At 1 April 2017	(294,213)
Provision for the year	-
	<hr/>
<b>At 31 March 2018</b>	<b>(294,213)</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 March 2018</b>	<b>96,938</b>
	<hr/>
At 31 March 2017	96,938
	<hr/>

On 31 March 2016 the investment in Intuitive Search Technologies Limited was impaired up to the net asset position of this subsidiary as no further cash flow generating activities are carried out in this entity. The remaining carrying value of the investment after impairment amounted to £96,876. This remains unchanged as at 31 March 2018.

The subsidiary undertakings included within the consolidated financial statements are:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Registered Address</b>	<b>Nature of business</b>
Intuitive Search Technologies Limited (A)	England	Ordinary	Clockwork Building, 45 Beavor Land, London, W6 9AR	Holding company
Intelligent Reach PTY Limited	Australia	Ordinary	Melbourne, 3016, Little Osborne Street 141, Australia	e-commerce sales and marketing provider

(A) Subsidiaries that are exempt from audit by virtue of S479A of the companies Act 2006

All subsidiary undertakings are 100% owned.

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 (*continued*)

<b>10</b>	<b>Goodwill</b>	
	<b>Group</b>	<b>Goodwill £</b>
	<i>Cost</i>	
	At 1 April 2017	3,034,654
	<b>Additions</b>	-
		<hr/>
	<b>At 31 March 2018</b>	<b>3,034,654</b>
		<hr/>
	<i>Amortisation</i>	
	At 1 April 2017	(1,542,622)
	<b>Provision for the year</b>	<b>(606,929)</b>
		<hr/>
	<b>At 31 March 2018</b>	<b>(2,149,551)</b>
		<hr/>
	<i>Net book value</i>	
	<b>At 31 March 2018</b>	<b>885,103</b>
		<hr/> <hr/>
	At 31 March 2017	1,492,032
		<hr/> <hr/>
	<b>Company</b>	<b>Goodwill £</b>
	<i>Cost</i>	
	At 1 April 2017	2,706,532
	<b>Additions</b>	-
		<hr/>
	<b>At 31 March 2018</b>	<b>2,706,532</b>
		<hr/>
	<i>Amortisation</i>	
	At 1 April 2017	(1,375,822)
	<b>Provision for the year</b>	<b>(541,308)</b>
		<hr/>
	<b>At 31 March 2018</b>	<b>(1,917,130)</b>
		<hr/>
	<i>Net book value</i>	
	<b>At 31 March 2018</b>	<b>789,402</b>
		<hr/> <hr/>
	At 31 March 2017	1,330,710
		<hr/> <hr/>

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 5 years. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributes, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

# Intelligent Reach Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018 *(continued)*

## 11 Tangible assets

Group	Software £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 April 2017	7,136	50,620	57,756
Additions	-	8,707	8,707
<b>At 31 March 2018</b>	<b>7,136</b>	<b>59,327</b>	<b>66,463</b>
<i>Depreciation</i>			
At 1 April 2017	(5,227)	(33,463)	(38,690)
Provided for the year	(1,909)	(13,605)	(15,514)
<b>At 31 March 2018</b>	<b>(7,136)</b>	<b>(47,068)</b>	<b>(54,204)</b>
<i>Net book value</i>			
<b>At 31 March 2018</b>	<b>-</b>	<b>12,259</b>	<b>12,259</b>
At 31 March 2017	1,909	17,157	19,066
<b>Company</b>			
<i>Cost</i>			
At 1 April 2017	7,136	50,324	57,460
Additions	-	8,736	8,736
<b>At 31 March 2018</b>	<b>7,136</b>	<b>59,060</b>	<b>66,196</b>
<i>Depreciation</i>			
At 1 April 2017	(5,227)	(33,240)	(38,467)
Provided for the year	(1,909)	(13,615)	(15,524)
<b>At 31 March 2018</b>	<b>(7,136)</b>	<b>(46,855)</b>	<b>(53,991)</b>
<i>Net book value</i>			
<b>At 31 March 2018</b>	<b>-</b>	<b>12,205</b>	<b>12,205</b>
At 31 March 2017	1,909	17,084	18,993

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 12 Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	416,210	427,367	325,037	371,312
Prepayments and accrued income	84,674	51,249	49,689	47,877
Amounts due from subsidiary undertaking	-	-	369,339	208,812
Other debtors	217,532	486,813	218,872	433,325
	<u>718,416</u>	<u>965,429</u>	<u>962,937</u>	<u>1,061,326</u>

All amounts shown under debtors fall due for payment within one year.

### 13 Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accruals and deferred income	481,798	358,730	437,439	343,901
Trade creditors	64,224	106,521	29,686	77,141
Taxation and social security	129,196	105,049	120,283	97,587
Unsecured related party loan notes	6,973	6,489	6,973	6,489
Amounts due to subsidiary undertaking			87,535	94,411
Other creditors	289,780	211,784	281,126	206,104
	<u>971,971</u>	<u>788,573</u>	<u>963,042</u>	<u>825,633</u>

A convertible redeemable loan note issued during the current financial year is recognised within 'Other creditors' and accrues interest on an annual basis.

### 14 Creditors: amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Unsecured related party loan notes	<u>2,483</u>	<u>9,217</u>	<u>2,483</u>	<u>9,217</u>

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 15 Provision for liabilities

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Opening balance	90,552	136,048	90,552	136,048
Deductions in the year	-	(45,496)	-	(45,496)
Closing balance	90,552	90,552	90,552	90,552

Provisions for liabilities relate to various tax exposures on IST Partnership LLP assumed as part of the purchase of the trade, assets, and liabilities of that company. Uncertainty exists as to the amount and timing of such liabilities, as the relevant authorities have not made an assessment of the amounts due, at present.

### 16 Share capital

Group and Company	Allotted, called up and fully paid			
	2018 Number	2017 Number	2018 £	2017 £
A preferred shares of £0.01 each	431,265	431,265	4,313	4,313
B preferred shares of £0.01 each	300,000	300,000	3,000	3,000
Ordinary shares of £0.01 each	1,032,895	1,032,895	10,329	10,329
B1 Ordinary shares of £0.01 each	3	3	-	-
C Ordinary shares of £0.01 each	39,237	39,237	392	392
Deferred Shares of £0.01 each	2,252	2,252	22	22
	1,805,652	1,805,652	18,056	18,056

During the year, no shares were allotted or issued by the Company.

The A Preferred Shares, B Preferred Shares and Ordinary Shares shall confer on each holder the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

The B1 Ordinary Shares shall not entitle the holder to receive notice of, to attend, speak and vote at any general meeting of the Company.

The C Ordinary Shares shall not entitle the holders to receive notice of, to attend, speak and vote at any general meeting of the Company save for the Vested C Ordinary Shares, which shall confer on each holder the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive vote on proposed written resolutions of the Company.

On a capital distribution (including wind up) the surplus assets of the Company remaining after paying for its liabilities shall be applied first in paying to the B preferred shareholders, in priority to other share classifications. The balance then of the surplus assets shall subsequently be distributed among holders of the A Preferred Shares, B1 Ordinary Shares and the other classes of Ordinary Shares.

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 17 Reserves

On 26 September 2014 the Company issued warrants over 10,781 Ordinary Shares for a total consideration of £39,998.

On 14 June 2015 the Company issued warrants over 175,000 A Preferred Shares together with the issue of the A Preferred shares as disclosed in note 16. The Company did not receive any consideration for the issue of these warrants. The total fair value of the warrants amounted to £647,500 at date of issue. This amount has been deducted from the share premium received for the issue of the A Preferred Shares and is added to the warrant reserve.

Included in share premium are also share issuance costs from previous years totalling £168,143 from. There were no share issuance costs deducted from share premium in the current year (2017: £18,822).

### 18 Commitments under operating leases

As at 31 March 2018, the group and company had total commitments under non-cancellable operating leases as set out below:

Group	31 March 2018		31 March 2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	25,240	7,325	96,263	-
In two to five years	-	-	30,457	-
	<u>25,240</u>	<u>7,325</u>	<u>126,720</u>	<u>-</u>
<b>Company</b>				
Operating leases which expire:				
Within one year	9,709	7,325	75,000	-
In two to five years	-	-	12,567	-
	<u>9,709</u>	<u>7,325</u>	<u>87,567</u>	<u>-</u>

On 18 May 2018, Intelligent Reach Limited signed a new 5 year office lease agreement with an annual commitment of £149,188. On 13 January 2017 Intelligent Reach Pty Ltd signed a 2 year lease agreement with an annual commitment of AUD34,000.

# Intelligent Reach Limited

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 19 Related party transactions

The Group and Company entered into the following related party transactions throughout the year:

An unsecured loan note was advanced from Gemma McClory, the partner of Director Steve Rivers pre-acquisition, in the amount of £30,000. The loan accrues interest at an annual rate of 7%, and is due on 7 September 2019. At 31 March 2018 the balance outstanding was £9,456 (2017 - £15,706), included within other creditors.

Included in the balance of other debtors is an amount of £20 (2017 - £18,160) due to IST Partnership Director Steve Rivers and Andrew Thomas as the limited partners. A convertible redeemable loan note was issued to SEP IV LP, a significant shareholder, during the current year at a subscription price of £150,000. At 31 March 2018 the balance outstanding was £225,000.

During the prior financial year the Company issued shares to the directors as follows:

Director	Type of shares	Number	£
Colin Tenwick	C Ordinary	14,583	146

During the financial year ending March 2016 the Company issued shares to the directors as follows:

Director	Type of shares	Number	£
John Leese	Ordinary	11,299	113
John Leese	C Ordinary	3,180	32
Colin Tenwick	Ordinary	3,485	35
Colin Tenwick	C Ordinary	23,726	237

During the financial year ending March-15 the Company issued shares to directors as follows:

Director	Type of shares	Number	£
Steven Rivers	Ordinary	547,047	5,470
Andrew Thomas	Ordinary	396,648	3,966
Rebecca West	Ordinary	9,155	91
Matt Sullivan	Ordinary	36,151	361
Colin Tenwick	Ordinary	16,172	162

The group has taken advantage of the exemption allowed by FRS 102 paragraph 1.12(e), not to disclose any transactions with members of the group headed by Intelligent Reach Limited.

### 20 Ultimate controlling party

In the opinion of the directors there is no single controlling party.