

VENDIGITAL LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Haines Watts
Chartered Accountants & Statutory Auditors
Old Station House
Station Approach
Newport Street
Swindon
Wiltshire
SN1 3DU

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	8
Income Statement	11
Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Statement of Cash Flows	16
Notes to the Financial Statements	17

VENDIGITAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS: Mr A R Williams
Mrs E S Charsley
Mr M Humphries

REGISTERED OFFICE: Old Station House
Station Approach
Newport Street
Swindon
Wiltshire
SN1 3DU

REGISTERED NUMBER: 04082055 (England and Wales)

AUDITORS: Haines Watts
Chartered Accountants & Statutory Auditors
Old Station House
Station Approach
Newport Street
Swindon
Wiltshire
SN1 3DU

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the year ended 31 December 2019

Principal activity and overview

Vendigital Limited is a leading consulting company working across Europe, North America and Asia.

Vendigital provides technology-led transformation programmes for blue-chip, enterprise clients looking to identify and solve complex cost problems and deliver results to clients' bottom lines.

Vendigital has deep expertise across a number of sectors including aerospace & defence, automotive, transportation, media & entertainment, retail and industrial products. Through its in-house Data Science lab, the company also provides bespoke solutions, streamlining the way in which clients collect, analyse, and prioritise data, to produce actionable insights.

REVIEW OF BUSINESS

The Company's ongoing strategy of continued investment in people, its IT platform and customer satisfaction has resulted in a further year of growth. The Company has strengthened its position in each of its sectors and is well positioned for growth. The directors consider the results for the year demonstrate a satisfactory financial performance by the Company.

The Company continues to recognise the importance of maintaining and continually developing its IT platform and tools to improve the delivery of projects and the client experience.

Revenue in the year was £11.6m a 9.4% growth on the previous year. During the year the Company took the decision to simplify its structure by closing its German company as it has not been actively targeting German clients.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has budgetary, forecasting and financial reporting procedures to manage credit, liquidity and other financial risks. No transactions of a speculative nature are undertaken, and policies are in place to ensure that appropriate levels of sign-off are undertaken and reviewed regularly by the directors.

Credit Risk

The Company's main financial assets are cash and amounts due from contracts. There is risk associated with trade debtors and limits are set by the directors. All clients are monitored on an ongoing risk tracking basis and exposure levels are continually reviewed by the finance team in conjunction with financial performance, debt ageing and collection history.

Liquidity Risk

The Company aims to mitigate liquidity risk by pro-actively managing operational cash generation and applying rigorous credit control. The Company had net cash balances at the year end and was sufficiently able to meet its working capital requirements throughout the year. The Company's policy is to ensure appropriate levels of liquidity are available to invest safely and profitably.

Customer risk

The market in which the Company operates is highly competitive. Through continual proactive management of client relationships and the Company's continued commitment to add value to its client's businesses through the provision of competitive yet outstanding service, Vendigital is able to keep client attrition to a minimum.

People risk

The Company's success is based upon its strong relationships with its people who are its most valuable asset. As the Company continues to grow it is vital that we attract, motivate and retain our people by providing the required culture, leadership, behaviours to meet our purposes. We seek to actively engage with our colleagues, listen and respond and encourage their personal and professional development. We are pleased that the levels of staff turnover are very low and well below market averages.

Technology risk

The Company has always sought to invest in technology to enhance its services and has invested heavily over recent years to maintain this position. It is therefore important that the Company continues to use technology to enhance its services to clients as technology is becoming an increasing differentiating factor.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Economic risk

As with the majority of businesses, the Company is subject to the risk of an economic downturn, whether in the UK or globally. A significant change in the global economy could affect performance. For example, uncertainty around Brexit, a fall in customer confidence and increasing global tariff may all be negative factors. The recent Covid 19 Pandemic also creates uncertainty for our clients. The Company has a robust model in place to manage any adverse changes. The directors will ensure appropriate cost measures will be implemented if deemed necessary.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

KEY PERFORMANCE INDICATORS

The Company monitors its performance primarily through the following financial key performance indicators.

	2019 £m	2018 £m	Change £m	Change %
Revenue	11.6	10.6	1.0	9
Gross Profit	4.9	3.9	1.0	25
GP %	42%	37%	5%pts	
EBITDA	0.9	0.8	0.1	17
EBITDA %	9%	11%	(2%pts)	
Addbacks to operating profit to derive EBITDA: Exceptional items and restructuring costs	0.8	0.1	(0.7)	n/a

Revenue continues to grow compared to the previous year with focus on new client acquisition as well as growth within existing clients.

Gross profit is a management account measure that does not form part of the statutory accounts. Gross margin growth is driven by improved utilisation of the consulting teams and top line growth.

The EBITDA is stated before the deduction of exceptional items and fees incurred on the restructuring of the group. EBITDA is broadly flat year on year reflecting investments in marketing and business structure to support growth.

The directors also monitor order book and pipeline, staff satisfaction, recruitment and retention and cash conversion and working capital management against forecast. In addition, the key non-financial indicators relate to developing new product technologies and their release on schedule.

Outlook

The Company's development and performance and Livingbridge's investment has created an excellent platform for continuing to build on its position as specialist consultancy in cost and operating strategy, using data science and industry experts to deliver results.

ON BEHALF OF THE BOARD:

Mrs E S Charsley - Director

28 September 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of procurement consultancy, supply chain consultancy and related software products.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 0.049 per share.

The total distribution of dividends for the year ended 31 December 2019 will be £ 260,052 .

DIRECTORS

Mr A R Williams has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

Mrs E S Charsley - appointed 1 September 2019

Mr M Humphries was appointed as a director after 31 December 2019 but prior to the date of this report.

Mr D G E Jephcott and Mr C Dennison ceased to be directors after 31 December 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs E S Charsley - Director

28 September 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VENDIGITAL LIMITED

Opinion

We have audited the financial statements of Vendigital Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 company's affairs as at 31 December 2019 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty or outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in note 2.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VENDIGITAL LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VENDIGITAL LIMITED**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

Michael Lloyd FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants & Statutory Auditors
Old Station House
Station Approach
Newport Street
Swindon
Wiltshire
SN1 3DU

28 September 2020

VENDIGITAL LIMITED (REGISTERED NUMBER: 04082055)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
TURNOVER	3	11,586,070	10,618,989
Administrative expenses		<u>11,919,515</u>	<u>10,785,025</u>
OPERATING LOSS	5	(333,445)	(166,036)
Interest receivable and similar income		<u>6,875</u>	<u>7,278</u>
LOSS BEFORE TAXATION		(326,570)	(158,758)
Tax on loss	7	<u>5,523</u>	<u>3,318</u>
LOSS FOR THE FINANCIAL YEAR		<u>(332,093)</u>	<u>(162,076)</u>

The notes form part of these financial statements

VENDIGITAL LIMITED (REGISTERED NUMBER: 04082055)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
LOSS FOR THE YEAR		(332,093)	(162,076)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(332,093)</u>	<u>(162,076)</u>

The notes form part of these financial statements

VENDIGITAL LIMITED (REGISTERED NUMBER: 04082055)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		286,711		385,872
Tangible assets	10		150,209		124,688
Investments	11		-		-
			<u>436,920</u>		<u>510,560</u>
CURRENT ASSETS					
Debtors	12	2,871,398		2,837,998	
Cash at bank		<u>787,265</u>		<u>555,536</u>	
		3,658,663		3,393,534	
CREDITORS					
Amounts falling due within one year	13	<u>1,780,622</u>		<u>996,988</u>	
NET CURRENT ASSETS			<u>1,878,041</u>		<u>2,396,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,314,961</u>		<u>2,907,106</u>
CAPITAL AND RESERVES					
Called up share capital	15		536		536
Share premium	16		646,988		646,988
Retained earnings	16		<u>1,667,437</u>		<u>2,259,582</u>
SHAREHOLDERS' FUNDS			<u>2,314,961</u>		<u>2,907,106</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2020 and were signed on its behalf by:

Mrs E S Charsley - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2018	536	2,421,658	646,988	3,069,182
Changes in equity				
Total comprehensive loss	-	(162,076)	-	(162,076)
Balance at 31 December 2018	536	2,259,582	646,988	2,907,106
Changes in equity				
Dividends	-	(260,052)	-	(260,052)
Total comprehensive loss	-	(332,093)	-	(332,093)
Balance at 31 December 2019	536	1,667,437	646,988	2,314,961

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	919,338	(1,234,543)
Tax paid		13,013	(12,381)
Net cash from operating activities		<u>932,351</u>	<u>(1,246,924)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(341,889)	(282,892)
Purchase of tangible fixed assets		(105,557)	(117,669)
Sale of tangible fixed assets	1	1	-
Interest received		6,875	7,278
Net cash from investing activities		<u>(440,570)</u>	<u>(393,283)</u>
Cash flows from financing activities			
Equity dividends paid		(260,052)	-
Net cash from financing activities		<u>(260,052)</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>231,729</u>	<u>(1,640,207)</u>
Cash and cash equivalents at beginning of year	2	555,536	2,195,743
Cash and cash equivalents at end of year	2	<u>787,265</u>	<u>555,536</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Loss before taxation	(326,570)	(158,758)
Depreciation charges	125,871	52,007
Loss on disposal of fixed assets	9,341	-
Impairment of intangible asset	385,872	-
Finance income	<u>(6,875)</u>	<u>(7,278)</u>
	187,639	(114,029)
Increase in trade and other debtors	(293,374)	(109,504)
Increase/(decrease) in trade and other creditors	<u>1,025,073</u>	<u>(1,011,010)</u>
Cash generated from operations	<u><u>919,338</u></u>	<u><u>(1,234,543)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>787,265</u>	<u>555,536</u>

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>555,536</u>	<u>2,195,743</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank	<u>555,536</u>	<u>231,729</u>	<u>787,265</u>
	<u>555,536</u>	<u>231,729</u>	<u>787,265</u>
Total	<u><u>555,536</u></u>	<u><u>231,729</u></u>	<u><u>787,265</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. **STATUTORY INFORMATION**

Vendigital Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Preparation of consolidated financial statements

The financial statements contain information about Vendigital Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Henley Topco Limited, Old Station House, Newport Street, Swindon, SN1 3DU.

Going concern

The Directors have considered the impact of COVID-19 on the going concern assumption. Although it is extremely difficult to predict how COVID-19 will continue to impact the UK and the rest of the world, the Company has taken reasonable steps to minimise the short-term cash drain whilst keeping the business moving forward. Based on the above, the Directors consider that the company is a going concern and the accounts have been prepared on this basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period.

The key area of judgement and estimation uncertainty is as follows:

Revenue recognition:

Due to the contractual nature of revenue, any fixed element it is spread evenly across the life of the contract. With regard to the variable elements of the contracts forecasting judgement is required by management in assessing the outcome of the project, this is central to the level of revenue and profit recognised in each financial period.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract.

Development costs

Development costs are to be amortised evenly over their estimated useful life of 3 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 100% on cost
Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost

Financial instruments

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

Trade and other debtors and creditors are classified as basic financial instruments and are initially measured at transaction price.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Rendering of services	11,586,070	10,618,989
	<u>11,586,070</u>	<u>10,618,989</u>

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	11,586,070	10,599,319
Asia	-	19,670
	<u>11,586,070</u>	<u>10,618,989</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	5,234,819	4,376,855
Social security costs	582,948	615,595
Other pension costs	563,548	319,154
	<u>6,381,315</u>	<u>5,311,604</u>

The average number of employees during the year was as follows:

	2019	2018
Employees	<u>79</u>	<u>62</u>

	2019	2018
	£	£
Directors' remuneration	<u>538,631</u>	<u>846,598</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>234,105</u>	<u>334,209</u>

The amount of remuneration attributable to the highest paid director was £234,105 (2018: £334,209).

During the year there were no directors that exercised any share options and there were no shares received or receivable by directors in respect of services under a long term incentive scheme.

The company operates a defined contribution pension scheme to which two directors are enrolled. Directors' pension costs totalled £48,712 (2018: £35,603).

There are no schemes or incentives available to directors in respect of their interests in Vendigital Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	544,166	472,168
Depreciation - owned assets	70,694	52,007
Loss on disposal of fixed assets	9,341	-
Development costs amortisation	55,178	-
Auditors' remuneration	10,600	14,000
Foreign exchange differences	<u>(7,610)</u>	<u>(16,694)</u>

The total cost of other services provided by the auditors was £8,145 (2018: £14,486).

6. EXCEPTIONAL ITEMS

	2019	2018
	£	£
Exceptional items	<u>(160,055)</u>	<u>-</u>

Exceptional items are made up of costs relating to a restructuring of the companies staffing structure in the year.

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	-	12,840
Deferred tax	<u>5,523</u>	<u>(9,522)</u>
Tax on loss	<u>5,523</u>	<u>3,318</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2019 £	2018 £
Loss before tax	<u>(326,570)</u>	<u>(158,758)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(62,048)	(30,164)
Effects of:		
Expenses not deductible for tax purposes	25,925	95,654
Capital allowances in excess of depreciation	-	(13,730)
Depreciation in excess of capital allowances	76,464	-
Utilisation of tax losses	(1,306)	(1,383)
R&D enhanced deduction	(134,008)	(93,281)
Trading loss to carry forward	91,668	42,904
Over accrued tax refund	3,305	12,840
Deferred tax	<u>5,523</u>	<u>(9,522)</u>
Total tax charge	<u>5,523</u>	<u>3,318</u>

8. DIVIDENDS

	2019 £	2018 £
Ordinary shares of 0.0001 each		
Final	<u>260,052</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

9. INTANGIBLE FIXED ASSETS

	Developme costs £
COST	
At 1 January 2019	385,872
Additions	341,889
Impairments	<u>(385,872)</u>
At 31 December 2019	<u>341,889</u>
AMORTISATION	
Amortisation for year	<u>55,178</u>
At 31 December 2019	<u>55,178</u>
NET BOOK VALUE	
At 31 December 2019	<u>286,711</u>
At 31 December 2018	<u>385,872</u>

During the year an impairment review of the intangible asset was undertaken. The carrying value of the brought forward intangible asset was subsequently written down to £nil as it was deemed to have been superseded by the capital expenditure during 2019.

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	340,886	9,393	244,438	594,717
Additions	-	30,583	74,974	105,557
Disposals	<u>-</u>	<u>(65)</u>	<u>(51,428)</u>	<u>(51,493)</u>
At 31 December 2019	<u>340,886</u>	<u>39,911</u>	<u>267,984</u>	<u>648,781</u>
DEPRECIATION				
At 1 January 2019	340,886	3,100	126,043	470,029
Charge for year	-	3,546	67,148	70,694
Eliminated on disposal	<u>-</u>	<u>(65)</u>	<u>(42,086)</u>	<u>(42,151)</u>
At 31 December 2019	<u>340,886</u>	<u>6,581</u>	<u>151,105</u>	<u>498,572</u>
NET BOOK VALUE				
At 31 December 2019	<u>-</u>	<u>33,330</u>	<u>116,879</u>	<u>150,209</u>
At 31 December 2018	<u>-</u>	<u>6,293</u>	<u>118,395</u>	<u>124,688</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. **FIXED ASSET INVESTMENTS**

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Vendigital Inc

Registered office: 203 North LaSalle Street, Suite 2100, Chicago, Illinois 60601

Nature of business: Procurement consultancy, supply chain consultancy

	%
Class of shares:	holding
Ordinary	100.00

Vendigital GmbH

Registered office: Germany

Nature of business: Procurement consultancy, supply chain consultancy

	%
Class of shares:	holding
Ordinary	100.00

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade debtors	1,832,625	1,486,618
Amounts owed by group undertakings	231,387	485,838
Deferred tax asset	-	5,523
Prepayments and accrued income	807,386	860,019
	<u>2,871,398</u>	<u>2,837,998</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	299,356	361,048
Amounts owed to group undertakings	474,604	143,321
Tax	-	(13,013)
Social security and other taxes	248,375	194,722
VAT	195,953	99,102
Other creditors	49,408	13,080
Accruals and deferred income	512,926	198,728
	<u>1,780,622</u>	<u>996,988</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	<u>429,262</u>	<u>495,068</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
5,355,233	Ordinary	0.0001	<u>536</u>	<u>536</u>

16. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2019	2,259,582	646,988	2,906,570
Deficit for the year	(332,093)		(332,093)
Dividends	(260,052)		(260,052)
At 31 December 2019	<u>1,667,437</u>	<u>646,988</u>	<u>2,314,425</u>

17. DEFERRED TAX

At the year end Vendigital Limited had tax losses carried forwards of £719k. The company has not provided for the £108k deferred tax asset that results from these losses.

18. RELATED PARTY DISCLOSURES

During the year, the following transactions took place with directors, senior management and their connected parties:

Chris Dennison t/a Clarenbridge (Director) charged corporate finance advice to Vendigital Limited of £179,852 (2018: £229,861). £Nil was outstanding at the year end (2018: £8,436).

Ben Bird (Key management personnel) incurred expenses on behalf of Vendigital Limited of £64,061 (2018: £61,061). £3,615 was outstanding at the year end (2018: £250).

Dominic Jephcott (Director) incurred expenses on behalf of Vendigital Limited of £25,514 (2018: £Nil). £1,102 was outstanding at the year end (2018: £Nil).

Key management personnel compensation (excluding that of directors) in the year totalled £368,176 (2018:£405,856).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. ULTIMATE CONTROLLING PARTY

The parent company is Vendigital Holdings Limited, a company incorporated in England and Wales. The ultimate controlling party is Henley Topco Limited, a company incorporated in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.