

Registered number: 03863609

G FORCES WEB MANAGEMENT LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

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G FORCES WEB MANAGEMENT LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | G S Smith T O Smith N D Smith K A Robins S J Upton |
| Company secretary | N D Smith |
| Registered number | 03863609 |
| Registered office | Corbin Business Park Caring Lane Bearsted Maidstone Kent ME14 4NJ |
| Independent auditors | MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 71 New Dover Road Canterbury Kent CT1 3DZ |

G FORCES WEB MANAGEMENT LIMITED

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G FORCES WEB MANAGEMENT LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their strategic report of the company and the group for the year ended 31st October 2019.

Business review

Despite a further decline of 2.3% in UK new car registrations and the on-going economic stagnation caused by Brexit, the Group remained profitable and successfully completed the heavy development stage of its strategic shift towards becoming a leading provider of automotive ecommerce solutions and ready to enter a new phase of market expansion.

Having completed a successful BETA launch in Q4 2018 of the UK's only true end-to-end ecommerce SAAS platform; NetDirector Auto-e, the Group can report that over 1100 UK rooftops have already signed up to the platform making it the most successful automotive ecommerce in the domestic market. Success has also been achieved in MENA through the adoption by key retailers and OEM's within the region.

The company is now embarking on aggressive market expansion domestically and through further internationalisation programmes. Research and Development will continue at pace to ensure the software remains fully aligned to the global shift in consumer buying behaviour towards online vehicle sales.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the Group are as follows:

Economic risk

The risk of a downturn in the economy and the motor industry in particular having an adverse impact on the Group's market.

These risks are managed by careful review of the market in which the Group operates and the management of relationships and contracts with customers. Here the extensive staff resources of the Group play an important role.

Competition and IP risks

These are managed at director level by close customer liaison, benchmarking and the use of skilled staff.

Financial risk

The Group continues to develop regular financial reporting and budgeting procedures which are reviewed by the directors to assess and manage the credit terms applicable to customer contracts, together with overall liquidity and other financial risk.

Exchange rate risk

This is a financial risk that exists due to financial transactions in a subsidiary company being denominated in United Arab Emirates Dirhams (AED), rather than Sterling (GBP). This risk is managed through careful planning of large transactions, coupled with regular review of currency fluctuations.

COVID-19

The COVID-19 virus has caused unparalleled economic turmoil across the globe, and the Group is not immune to the risks faced by such disruption. However, the Group is well placed to mitigate these risks through the ability of the Group to operate at 100% capacity entirely remotely, effective management of Group cash resources and an increased focus on cash collection, adequate core billing, amongst other measures. All of these measures have been implemented, and are being reviewed regularly, by a vastly experienced senior management team.


G FORCES WEB MANAGEMENT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019**

Financial key performance indicators

| | 2019 | 2018 |
|-----------------------------------|-------|-------|
| Gross profit margin | 34.7% | 31.9% |
| Sales per £ of Direct staff costs | £4.22 | £3.54 |
| Current ratio | 3.55 | 3.39 |
| Return on Capital Employed | 7.16% | 7.04% |

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


.....
G S Smith
Director

Date: 21/4/2020

G FORCES WEB MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their report and the financial statements for the year ended 31 October 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 the Group 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 for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the group in the year under review was that of the provision of web management services.

Results and dividends

The profit for the year, after taxation, amounted to £1,679,256 (2018 - £1,467,351).

Interim dividends amounting to £1,317,604 (average of £81.14 per share) were declared and paid in the year.

No final dividend is proposed.

The total distribution of dividends for the year ended 31 October 2019 will be £1,317,604.

Directors

The directors who served during the year were:

G S Smith
T O Smith
N D Smith
K A Robins
S J Upton

G FORCES WEB MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019**

Future developments

The Directors intend to continue with the current principal activity and will continue to invest substantially in research and development in order to complete its innovative software portfolio. It is also the intention of the business to invest in expansion of the business into both UK and overseas markets.

Employee involvement

The parent company of the Group maintains regular investment in staff training and development, across the Group. Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the Group by means of regular departmental meetings, newsletters and emails. The Directors wish to thank the Group's staff for the very high standards of service provided to clients.

Employment of Disabled Persons

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Disclosure of information to auditors

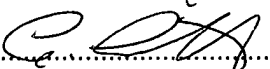
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

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


.....
G S Smith
Director

Date: 21/4/2020

G FORCES WEB MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G FORCES WEB MANAGEMENT LIMITED

Opinion

We have audited the financial statements of G Forces Web Management Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 October 2019 and of the Group's profit 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's 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.

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 Auditors' 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

G FORCES WEB MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G FORCES WEB MANAGEMENT LIMITED
(CONTINUED)**

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.

Opinion 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 Directors' responsibilities statement on page 3, 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.

G FORCES WEB MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G FORCES WEB MANAGEMENT LIMITED
(CONTINUED)**

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

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

Use of our report

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



Duncan Cochrane-Dyet FCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

71 New Dover Road
Canterbury
Kent

CT1 3DZ

Date: 22 April 2020

G FORCES WEB MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2019**

| | Note | 2019 £ | As restated 2018 £ |
|--|------|------------------|--------------------------|
| Turnover | 4 | 24,467,563 | 24,204,253 |
| Cost of sales | | (15,980,180) | (16,467,242) |
| Gross profit | | 8,487,383 | 7,737,011 |
| Administrative expenses | | (7,787,834) | (7,072,254) |
| Operating profit | 5 | 699,549 | 664,757 |
| Interest receivable and similar income | 9 | 3,844 | 3 |
| Interest payable and expenses | 10 | (2,616) | (5,834) |
| Profit before taxation | | 700,777 | 658,926 |
| Tax on profit | 11 | 978,479 | 808,425 |
| Profit for the financial year | | 1,679,256 | 1,467,351 |
| Currency translation differences | | (23,482) | 72,493 |
| Purchase of own shares | | - | (1,383) |
| Capital redemption reserve movement | | - | 461 |
| Other comprehensive income for the year | | (23,482) | 71,571 |
| Total comprehensive income for the year | | 1,655,774 | 1,538,922 |
| Profit for the year attributable to: | | | |
| Owners of the parent Company | | 1,679,256 | 1,467,351 |
| | | 1,679,256 | 1,467,351 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED
REGISTERED NUMBER: 03863609


CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2019

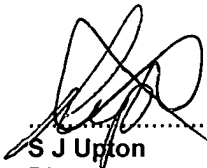
| | Note | 2019 £ | As restated 2018 £ |
|--|------|-------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 566,696 | 166,696 |
| Tangible assets | 14 | 323,377 | 376,777 |
| Investments | 15 | 291,086 | 291,086 |
| | | <u>1,181,159</u> | <u>834,559</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 16 | 33,125 | 23,671 |
| Debtors: amounts falling due within one year | 16 | 10,263,818 | 9,262,629 |
| Cash at bank and in hand | 17 | 1,640,599 | 2,906,723 |
| | | <u>11,937,542</u> | <u>12,193,023</u> |
| Creditors: amounts falling due within one year | 18 | (3,360,085) | (3,587,576) |
| Net current assets | | <u>8,577,457</u> | <u>8,605,447</u> |
| Total assets less current liabilities | | <u>9,758,616</u> | <u>9,440,006</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | (36,718) | (56,278) |
| | | <u>(36,718)</u> | <u>(56,278)</u> |
| Net assets | | <u><u>9,721,898</u></u> | <u><u>9,383,728</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 16,239 | 16,239 |
| Share premium account | | 21,052 | 21,052 |
| Revaluation reserve | | 87,597 | 87,597 |
| Capital redemption reserve | | 2,768 | 2,768 |
| Foreign exchange reserve | | 49,011 | 72,493 |
| Profit and loss account | | 9,545,231 | 9,183,579 |
| Equity attributable to owners of the parent Company | | <u>9,721,898</u> | <u>9,383,728</u> |
| | | <u><u>9,721,898</u></u> | <u><u>9,383,728</u></u> |

G FORCES WEB MANAGEMENT LIMITED
REGISTERED NUMBER: 03863609

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
G S Smith
Director


.....
S J Upton
Director

Date: 21/4/2020

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED
REGISTERED NUMBER: 03863609

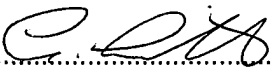
COMPANY BALANCE SHEET
AS AT 31 OCTOBER 2019


| | Note | 2019 £ | 2018 £ |
|--|------|------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 566,696 | 166,696 |
| Tangible assets | 14 | 246,253 | 367,561 |
| Investments | 15 | 331,781 | 318,507 |
| | | <u>1,144,730</u> | <u>852,764</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 8,655,201 | 7,944,513 |
| Cash at bank and in hand | 17 | 916,854 | 2,346,628 |
| | | <u>9,572,055</u> | <u>10,291,141</u> |
| Creditors: amounts falling due within one year | 18 | (3,184,249) | (3,430,051) |
| Net current assets | | <u>6,387,806</u> | <u>6,861,090</u> |
| Total assets less current liabilities | | <u>7,532,536</u> | <u>7,713,854</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | (36,718) | (56,278) |
| | | <u>(36,718)</u> | <u>(56,278)</u> |
| Net assets excluding pension asset | | <u>7,495,818</u> | <u>7,657,576</u> |
| Net assets | | <u>7,495,818</u> | <u>7,657,576</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 16,239 | 16,239 |
| Share premium account | | 21,052 | 21,052 |
| Revaluation reserve | | 87,597 | 87,597 |
| Capital redemption reserve | | 2,768 | 2,768 |
| Profit and loss account brought forward | | 7,529,920 | 8,136,180 |
| Profit for the year | | 1,155,846 | 1,018,272 |
| Other changes in the profit and loss account | | (1,317,604) | (1,624,532) |
| Profit and loss account carried forward | | <u>7,368,162</u> | <u>7,529,920</u> |
| | | <u>7,495,818</u> | <u>7,657,576</u> |

G FORCES WEB MANAGEMENT LIMITED
REGISTERED NUMBER: 03863609

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
G S Smith
Director


.....
S J Upton
Director

Date: 21/4/2020

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

| | Called up share capital | Share premium account | Capital redemption reserve | Revaluation reserve | Foreign exchange reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------------|------------------------|--------------------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 November 2017 | 16,700 | 21,052 | 2,307 | 87,597 | - | 9,340,760 | 9,468,416 |
| Profit for the year | - | - | - | - | - | 1,467,351 | 1,467,351 |
| Foreign exchange gains/ (losses) (OCI) | - | - | - | - | 72,493 | - | 72,493 |
| Dividends: Equity capital | - | - | - | - | - | (1,623,149) | (1,623,149) |
| Purchase of own shares | - | - | 461 | - | - | (1,383) | (922) |
| Shares cancelled during the year | (461) | - | - | - | - | - | (461) |
| At 1 November 2018 | 16,239 | 21,052 | 2,768 | 87,597 | 72,493 | 9,183,579 | 9,383,728 |
| Profit for the year | - | - | - | - | - | 1,679,256 | 1,679,256 |
| Foreign exchange gains/ (losses) (OCI) | - | - | - | - | (23,482) | - | (23,482) |
| Dividends: Equity capital | - | - | - | - | - | (1,317,604) | (1,317,604) |
| At 31 October 2019 | 16,239 | 21,052 | 2,768 | 87,597 | 49,011 | 9,545,231 | 9,721,898 |

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

| | Called up share capital £ | Share premium account £ | Capital redemption reserve £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|----------------------------------|---------------------------------|----------------------------------|---------------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 November 2017 | 16,700 | 21,052 | 2,307 | 87,597 | 8,136,180 | 8,263,836 |
| Profit for the year | - | - | - | - | 1,018,272 | 1,018,272 |
| Dividends: Equity capital | - | - | - | - | (1,623,149) | (1,623,149) |
| Purchase of own shares | - | - | 461 | - | (1,383) | (922) |
| Shares cancelled during the year | (461) | - | - | - | - | (461) |
| At 1 November 2018 | 16,239 | 21,052 | 2,768 | 87,597 | 7,529,920 | 7,657,576 |
| Profit for the year | - | - | - | - | 1,155,846 | 1,155,846 |
| Dividends: Equity capital | - | - | - | - | (1,317,604) | (1,317,604) |
| At 31 October 2019 | 16,239 | 21,052 | 2,768 | 87,597 | 7,368,162 | 7,495,818 |

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2019**

| | 2019 £ | As restated 2018 £ |
|---|------------------|--------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 1,679,256 | 1,467,351 |
| Adjustments for: | | |
| Depreciation of tangible assets | 201,444 | 180,101 |
| Interest paid | 2,616 | 5,834 |
| Interest received | (3,844) | (3) |
| Taxation charge | (978,479) | (808,425) |
| (Increase) in debtors | (901,643) | (328,383) |
| Increase in creditors | 186,879 | 300,250 |
| Corporation tax received | 958,895 | 476,115 |
| Foreign exchange variances | (24,105) | 71,861 |
| Net cash generated from operating activities | 1,121,019 | 1,364,701 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (400,000) | - |
| Purchase of tangible fixed assets | (148,045) | (194,415) |
| Purchase of share in associates | - | (291,086) |
| Interest received | 3,844 | 3 |
| Net cash from investing activities | (544,201) | (485,498) |

G FORCES WEB MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019**

| | 2019 | As restated |
|---|-------------------------|-------------------------|
| | £ | 2018 |
| | | £ |
| Cash flows from financing activities | | |
| Repayment of loans | (102,870) | (99,532) |
| Dividends paid | (1,317,604) | (1,623,149) |
| Interest paid | (2,616) | (5,834) |
| Purchase of own shares | - | (1,383) |
| Amounts withdrawn by directors | (1,035,326) | (350,000) |
| Amounts introduced by directors | 615,474 | 96,143 |
| Net cash used in financing activities | <u>(1,842,942)</u> | <u>(1,983,755)</u> |
| Net (decrease) in cash and cash equivalents | <u>(1,266,124)</u> | <u>(1,104,552)</u> |
| Cash and cash equivalents at beginning of year | 2,906,723 | 4,011,275 |
| Cash and cash equivalents at the end of year | <u><u>1,640,599</u></u> | <u><u>2,906,723</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 1,640,599 | 2,906,723 |
| | <u><u>1,640,599</u></u> | <u><u>2,906,723</u></u> |

The notes on pages 17 to 39 form part of these financial statements.

G FORCES WEB MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

1. General information

G Forces Web Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered office address is Corbin Business Park, Caring Lane, Bearsted, Maidstone, Kent, ME14 4NJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 (see note 3).

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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 accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

2.3 Going concern

The financial statements have been prepared on a going concern basis. No material uncertainties that may cast significant doubt about the ability of the group to continue as a going concern have been identified by the directors.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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.

2.5 Revenue

The group recognises revenue dependant on the nature of the contractual obligations.

In respect of long-term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to stage of completion.

Revenue on subscription-based software products is deferred and recognised in turnover over the period of the subscription. However when the software is first supplied an appropriate proportion of revenue is immediately recognised to match the cost of installation of the product.

Unbilled revenue is included in current assets as 'amounts recoverable on contracts'.

Turnover also includes entitlement to sales-related commission. This commission is recognised on the raising of the sales invoice supplying certain 3rd party products.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

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

2. Accounting policies (continued)

2.7 Research and development

Expenditure on research and development is written off in the year in which it is incurred. Tax refunds in excess of current year taxable profits are accounted for in the year that the claims relate to, i.e. the refund re the year to 31 October 2019 is accounted for in the year to 31 October 2019.

2.8 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

2. Accounting policies (continued)

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income 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 Group 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 Consolidated statement of comprehensive income over the remaining vesting period.

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

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and 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 balance sheet date in the countries where the Company and the Group operate and generate 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

2. Accounting policies (continued)

2.14 Intangible assets

Domain names will be subjected to annual revaluations, in accordance with FRS102 s.18, due to the asset having a readily ascertainable market value.

Computer software assets held are subject to an annual impairment review.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods below.

Depreciation is provided on the following basis:

| | |
|-------------------------------|-----------------------------------|
| Short-term leasehold property | - in accordance with the property |
| Motor vehicles | - 25% reducing balance basis |
| Fixtures and fittings | - 25% straight line basis |
| Office equipment | - 33% straight line basis |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

In the UK, there is an 8 year lease in place, starting from October 2013, regarding the rental of the main business premises. The calculation of depreciation relating to leasehold improvements has been made using the period under lease.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2. Accounting policies (continued)

2.17 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

G FORCES WEB MANAGEMENT LIMITED

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised if the revisions affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Key assumptions have been made regarding the stage of completion of long term contracts when calculating the amounts recoverable on contract debtor. Assumptions have also been made by management regarding the lives of tangible fixed assets and their residual values and provision for doubtful trade debtors.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the group.

Analysis of turnover by country of destination:

| | 2019 | As restated 2018 |
|-------------------|-------------------|---------------------|
| | £ | £ |
| United Kingdom | 19,754,109 | 20,132,488 |
| Rest of Europe | 910,070 | 276,944 |
| Rest of the world | 3,803,384 | 3,794,821 |
| | <u>24,467,563</u> | <u>24,204,253</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2019 | 2018 |
|--|------------------|------------------|
| | £ | £ |
| Research & development charged as an expense | 5,328,255 | 4,682,353 |
| Depreciation - owned assets | 201,445 | 180,101 |
| Other operating lease rentals | 599,748 | 473,491 |
| Bad debts | 59,109 | 168,365 |
| Foreign exchange variance | (330) | 88,432 |
| | <u>5,988,227</u> | <u>5,593,742</u> |

G FORCES WEB MANAGEMENT LIMITED

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

6. Auditors' remuneration

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | <u>25,134</u> | <u>24,517</u> |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| All other services | <u>25,325</u> | 42,335 |
| | <u>25,325</u> | <u>42,335</u> |

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 9,651,279 | 9,805,850 | 8,314,266 | 9,017,863 |
| Social security costs | 866,278 | 941,855 | 866,278 | 941,855 |
| Cost of defined contribution scheme | 183,776 | 156,076 | 183,776 | 156,076 |
| | <u>10,701,333</u> | <u>10,903,781</u> | <u>9,364,320</u> | <u>10,115,794</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | Group 2019 No. | Group 2018 No. | Company 2019 No. | Company 2018 No. |
|---------------------------------|----------------------|----------------------|------------------------|------------------------|
| Directors and senior management | 6 | 6 | 5 | 5 |
| Office and administrative | 25 | 19 | 20 | 16 |
| Support services | 45 | 75 | 46 | 75 |
| Sales and marketing | 65 | 66 | 54 | 60 |
| Research and development | 85 | 57 | 57 | 58 |
| Project management | 27 | 20 | 24 | 15 |
| | <u>253</u> | <u>243</u> | <u>206</u> | <u>229</u> |

G FORCES WEB MANAGEMENT LIMITED

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

8. Directors' remuneration

| | 2019 £ | 2018 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | 261,850 | 261,850 |
| | <u>261,850</u> | <u>261,850</u> |

The highest paid director received remuneration of £61,850 (2018 - £61,850).

9. Interest receivable

| | 2019 £ | 2018 £ |
|---------------------------|--------------|-----------|
| Other interest receivable | 3,844 | 3 |
| | <u>3,844</u> | <u>3</u> |

10. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|-----------------------|--------------|--------------|
| Bank interest payable | 2,616 | 5,834 |
| | <u>2,616</u> | <u>5,834</u> |

G FORCES WEB MANAGEMENT LIMITED

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

11. Taxation

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | (953,360) | (842,804) |
| Adjustments in respect of previous periods | (5,559) | - |
| Total current tax | <u>(958,919)</u> | <u>(842,804)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (19,560) | 34,379 |
| Total deferred tax | <u>(19,560)</u> | <u>34,379</u> |
| Taxation on loss on ordinary activities | <u>(978,479)</u> | <u>(808,425)</u> |

G FORCES WEB MANAGEMENT LIMITED

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

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|-------------------------|-------------------------|
| Profit on ordinary activities before tax | <u>700,777</u> | <u>658,926</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 133,148 | 125,196 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 11,047 | 10,064 |
| Capital allowances for year in excess of depreciation | 21,522 | 2,242 |
| Adjustments to tax charge in respect of prior periods | (5,559) | - |
| Short term timing difference leading to an increase (decrease) in taxation | 580 | - |
| Research and development tax credit received | (953,360) | (842,804) |
| Enhanced research and development expenditure | (1,316,079) | (1,156,541) |
| Losses surrendered for tax credit | 1,249,230 | 1,104,364 |
| Profits from a subsidiary trade in a tax free environment | (100,700) | (89,955) |
| Other differences leading to an increase (decrease) in the tax charge | (18,308) | 39,009 |
| Total tax charge for the year | <u><u>(978,479)</u></u> | <u><u>(808,425)</u></u> |

The parent company of the group intends to submit a claim for R&D tax credit enhanced expenditure of £12.2mil for the year to 31 October 2019. Subject to the agreement of HM Revenue & Customs, this assists in the elimination of any corporation tax liability for the year and should give rise to a cash credit of c.£951,000. In accordance with the accounting policy, this cash credit has been accrued into the year to 31 October 2019.

12. Dividends

| | 2019 £ | 2018 £ |
|--------------------------------------|-------------------------|-------------------------|
| Ordinary shares of £1 each - interim | <u>1,317,604</u> | <u>1,623,149</u> |
| | <u><u>1,317,604</u></u> | <u><u>1,623,149</u></u> |

G FORCES WEB MANAGEMENT LIMITED

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

13. Intangible assets

Group and Company

| | Domain name £ | Computer software £ | Total £ |
|--------------------------------|------------------------------|------------------------------------|--------------------|
| Cost | | | |
| At 1 November 2018 | 166,696 | - | 166,696 |
| On acquisition of subsidiaries | - | 400,000 | 400,000 |
| At 31 October 2019 | 166,696 | 400,000 | 566,696 |
| Net book value | | | |
| At 31 October 2019 | 166,696 | 400,000 | 566,696 |
| At 31 October 2018 | 166,696 | - | 166,696 |

G FORCES WEB MANAGEMENT LIMITED

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

14. Tangible fixed assets

Group

| | Short-term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|--|--|------------------------|-------------------------------|--------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 November 2018 | 633,981 | 6,760 | 558,007 | 460,911 | 1,659,659 |
| Additions | 76,370 | - | 47,999 | 23,676 | 148,045 |
| At 31 October 2019 | <u>710,351</u> | <u>6,760</u> | <u>606,006</u> | <u>484,587</u> | <u>1,807,704</u> |
| Depreciation | | | | | |
| At 1 November 2018 | 472,024 | 1,168 | 455,939 | 353,751 | 1,282,882 |
| Charge for the year on owned assets | 89,834 | 1,691 | 46,031 | 63,889 | 201,445 |
| At 31 October 2019 | <u>561,858</u> | <u>2,859</u> | <u>501,970</u> | <u>417,640</u> | <u>1,484,327</u> |
| Net book value | | | | | |
| At 31 October 2019 | <u>148,493</u> | <u>3,901</u> | <u>104,036</u> | <u>66,947</u> | <u>323,377</u> |
| At 31 October 2018 | <u>161,957</u> | <u>5,592</u> | <u>102,068</u> | <u>107,160</u> | <u>376,777</u> |

The net book value of land and buildings may be further analysed as follows:

| | 2019 £ | 2018 £ |
|-----------------|----------------|----------------|
| Short leasehold | 148,493 | 161,957 |
| | <u>148,493</u> | <u>161,957</u> |

G FORCES WEB MANAGEMENT LIMITED

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

14. Tangible fixed assets (continued)**Company**

| | Short-term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|--|--|---------------------------------|--|-----------------------------------|--------------------|
| Cost or valuation | | | | | |
| At 1 November 2018 | 623,871 | 6,760 | 530,830 | 460,911 | 1,622,372 |
| Additions | 899 | - | 35,259 | 23,676 | 59,834 |
| At 31 October 2019 | <u>624,770</u> | <u>6,760</u> | <u>566,089</u> | <u>484,587</u> | <u>1,682,206</u> |
| Depreciation | | | | | |
| At 1 November 2018 | 461,914 | 1,168 | 437,978 | 353,751 | 1,254,811 |
| Charge for the year on owned assets | 75,582 | 1,691 | 39,980 | 63,889 | 181,142 |
| At 31 October 2019 | <u>537,496</u> | <u>2,859</u> | <u>477,958</u> | <u>417,640</u> | <u>1,435,953</u> |
| Net book value | | | | | |
| At 31 October 2019 | <u>87,274</u> | <u>3,901</u> | <u>88,131</u> | <u>66,947</u> | <u>246,253</u> |
| At 31 October 2018 | <u>161,957</u> | <u>5,592</u> | <u>92,852</u> | <u>107,160</u> | <u>367,561</u> |

G FORCES WEB MANAGEMENT LIMITED

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

15. Fixed asset investments

Group

| | Investments in associates £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 November 2018 | 291,086 |
| At 31 October 2019 | <u>291,086</u> |

Company

| | Investments in subsidiary companies £ | Investments in associates £ | Total £ |
|--------------------------|--|--|--------------------|
| Cost or valuation | | | |
| At 1 November 2018 | 27,421 | 291,086 | 318,507 |
| Additions | 13,274 | - | 13,274 |
| At 31 October 2019 | <u>40,695</u> | <u>291,086</u> | <u>331,781</u> |

G FORCES WEB MANAGEMENT LIMITED

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

15. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|--|---|------------------------|----------------|
| NetDirector Limited | Corbin Business Park, Caring Lane, Bearsted, Maidstone, Kent, ME14 4NJ, England | Ordinary | 100% |
| G Forces Web Management FZ-LLC | B307 Innovation Hub Building 2, Dubai Internet City, Dubai UAE | Ordinary | 100% |
| G Forces Vietnam Web Management Company Limited | Anh Minh Tower, 9th Floor, 56 Nguyen Dinh Chieu, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam | Ordinary | 100% |
| G Forces USA INC | Corbin Business Park, Caring Lane, Bearsted, Maidstone, Kent, ME14 4NJ, England | Ordinary | 100% |
| G Forces Web Management Australia PTY Ltd | Suite 2, Ground Floor, 651 Doncaster Road, Doncaster, Victoria, 3108, Australia | Ordinary | 100% |

Associate

The following was an associate of the Company:

| Name | Registered office | Class of shares | Holding |
|--------------|--|------------------------|----------------|
| SnapCell Inc | 300 S Avenue Of The Arts, Fort Lauderdale, Florida, 33312, USA | Ordinary | 31.6% |

G FORCES WEB MANAGEMENT LIMITED

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

16. Debtors

| | Group | Group As restated | Company | Company As restated |
|--|-------------------|----------------------|------------------|------------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Due after more than one year | | | | |
| Other debtors | 1,870 | - | - | - |
| Prepayments and accrued income | 31,255 | 23,671 | - | - |
| | 33,125 | 23,671 | - | - |
| | Group | Group | Company | Company |
| | 2019 | As restated | 2019 | As restated |
| | £ | 2018 | £ | 2018 |
| | £ | £ | £ | £ |
| Due within one year | | | | |
| Trade debtors | 5,087,512 | 4,149,836 | 3,826,775 | 3,151,104 |
| Amounts owed by group undertakings | - | - | 428,547 | 562,052 |
| Other debtors | 1,509,550 | 1,509,682 | 1,419,575 | 1,498,021 |
| Prepayments and accrued income | 256,656 | 163,993 | 137,105 | 85,528 |
| Amounts recoverable on long term contracts | 3,410,100 | 3,439,118 | 2,843,199 | 2,647,808 |
| | 10,263,818 | 9,262,629 | 8,655,201 | 7,944,513 |

Included within 'Amounts recoverable on long term contracts' above is £445,175 (2018 - £1,101,940) which is recoverable after more than one year.

Included within 'Other debtors' above is a loan due from a connected company for £Nil (2018 - £340,000) which is recoverable after more than one year.

17. Cash and cash equivalents

| | Group | Group | Company | Company |
|--------------------------|------------------|-------------|----------------|-------------|
| | 2019 | As restated | 2019 | As restated |
| | £ | 2018 | £ | 2018 |
| | £ | £ | £ | £ |
| Cash at bank and in hand | 1,640,599 | 2,906,723 | 916,854 | 2,346,628 |
| | 1,640,599 | 2,906,723 | 916,854 | 2,346,628 |

G FORCES WEB MANAGEMENT LIMITED

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

18. Creditors: Amounts falling due within one year

| | Group | Group | Company | Company |
|------------------------------------|------------------|--------------------|------------------|--------------------|
| | 2019 | As restated | 2019 | As restated |
| | £ | 2018 | £ | 2018 |
| | | £ | | £ |
| Bank loans | - | 102,870 | - | 102,870 |
| Trade creditors | 1,694,737 | 1,445,270 | 1,654,155 | 1,368,549 |
| Amounts owed to group undertakings | - | - | 7,700 | - |
| Corporation tax | 2,104 | 2,128 | - | - |
| Other taxation and social security | 689,174 | 826,694 | 656,412 | 791,945 |
| Other creditors | 623,103 | 765,665 | 515,015 | 721,738 |
| Accruals and deferred income | 350,967 | 444,949 | 350,967 | 444,949 |
| | 3,360,085 | 3,587,576 | 3,184,249 | 3,430,051 |

| | Group | Group | Company | Company |
|-----------------|----------------|--------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| PAYE/NI control | 218,595 | 253,004 | 216,262 | 247,856 |
| VAT control | 470,579 | 573,690 | 440,150 | 544,089 |
| | 689,174 | 826,694 | 656,412 | 791,945 |

The following liabilities were secured:

| | Group | Group | Company | Company |
|------------|--------------|--------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Bank loans | - | 102,870 | - | 102,870 |

Details of security provided:

All bank borrowings are secured by debenture dated 31 March 2004, and personal guarantees given by the Directors.

19. Loans

Analysis of the maturity of loans is given below:

| | Group | Group | Company | Company |
|--|--------------|--------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Bank loans | - | 102,870 | - | 102,870 |

G FORCES WEB MANAGEMENT LIMITED

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

20. Deferred taxation

Group

| | 2019 £ | 2018 £ |
|---------------------------|-----------------|-----------------|
| At beginning of year | (56,278) | (21,899) |
| Charged to profit or loss | 19,560 | (34,379) |
| At end of year | (36,718) | (56,278) |

Company

| | 2019 £ | 2018 £ |
|---------------------------|-----------------|-----------------|
| At beginning of year | (56,278) | (21,899) |
| Charged to profit or loss | 19,560 | (34,379) |
| At end of year | (36,718) | (56,278) |

The provision for deferred taxation is made up as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | (20,747) | (34,379) | (20,747) | (34,379) |
| Pension provision | 2,643 | - | 2,643 | - |
| Anticipated tax on intangible fixed asset revaluation | (18,614) | (21,899) | (18,614) | (21,899) |
| | (36,718) | (56,278) | (36,718) | (56,278) |

21. Share capital

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Allotted, called up and fully paid | | |
| 9,234 (2018 - 9,234) Ordinary A shares of £1.00 each | 9,234 | 9,234 |
| 5,538 (2018 - 5,538) Ordinary B shares of £1.00 each | 5,538 | 5,538 |
| 922 (2018 - 922) Ordinary C shares of £1.00 each | 922 | 922 |
| 84 (2018 - 84) Ordinary D shares of £1.00 each | 84 | 84 |
| 461 (2018 - 461) Ordinary E shares of £1.00 each | 461 | 461 |

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21. Share capital (continued)

| | |
|---------------|---------------|
| <u>16,239</u> | <u>16,239</u> |
|---------------|---------------|

All classes of shares have the same rights as to voting and participation in a sale or winding-up, other than D and E shares which are non-voting. The Articles empower the directors to declare dividends separately on each class of share. All shares rank pari passu in the event of a sale or winding up.

22. Share based payments

Certain senior company executives hold EMI options over Ordinary shares of £1 each in the company under the G Forces Web Management Limited 2015 options scheme, or the G Forces Web Management Limited 2018 options scheme - details on these schemes are given below.

2015 options scheme

At the beginning of the period, a total of 378 options were outstanding. The weighted average exercise price of the outstanding options was £97.80. There was no movement in this scheme throughout the period.

The fair value of the equity based instrument at the end of the reporting period is £7,889, determined through the use of the indirect valuation methodology.

2018 options scheme

At the beginning of the period, a total of 910 options were outstanding. The weighted average exercise price of the outstanding options was £153.15. There was no movement in this scheme throughout the period.

The fair value of the equity based instrument at the end of the reporting period is £11,246, determined through the use of the indirect valuation methodology.

23. Prior year adjustment

2018 group results have been restated in order to reflect the performance of G Forces Vietnam Web Management. At the time of preparation of the 2018 group financial statements, this entity had trivial amounts of trading and was therefore not included on consolidation. This entity has now been fully consolidated in the current and prior year. The overall effect of this adjustment on the group as at 31 October 2018 is a decrease to total comprehensive income for the period and therefore net assets by £24,404.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £183,776 (2018 - £156,076). Contributions totalling £38,407 (2018 - £34,409) were payable to the fund at the balance sheet date and are included in creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Commitments under operating leases

At 31 October 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than 1 year | 445,229 | 363,477 | 335,070 | 335,070 |
| Later than 1 year and not later than 5 years | 505,417 | 647,650 | 312,580 | 647,650 |
| | 950,646 | 1,011,127 | 647,650 | 982,720 |

26. Transactions with directors

The following advances and credits to directors subsisted during the years ended 31 October 2019:

| | Balance at 01 November 2018 £ | Amounts advanced £ | Amounts repaid £ | Balance at 31 October 2019 £ |
|------------|--|-----------------------------------|---------------------------------|---|
| G S Smith | 260,000 | - | (160,000) | 100,000 |
| T O Smith | 90,000 | 11,000 | - | 101,000 |
| K A Robins | - | 159,000 | - | 159,000 |
| S J Upton | - | 99,000 | - | 99,000 |
| | 350,000 | 269,000 | (160,000) | 459,000 |

The advances made to the directors, above, are interest free and repayable on demand.

The directors also permit the group to retain monies from dividend payments in order to settle future personal tax liabilities - see 'directors current accounts' in the related party transactions note.

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27. Related party transactions

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Dividends

Dividends were paid to directors, in their capacity as shareholders, totalling £1,267,474 (2018 - £1,617,948). The remaining dividends were paid to employees who hold shares after exercising options under a previous EMI scheme.

Directors current accounts (parent company)

There were various directors current accounts in place during the year. As at the year end, £300,653 was owed to the directors (2018: £611,505).

Connected companies

Companies controlled by the directors

The company made various working capital loans to a connected company, Car Cloud Ventures Limited, through the year. At the balance sheet date the amount owed from Car Cloud Ventures Limited was £Nil (2018 - £300,000).

The company purchased the vidbuild platform from Car Cloud Ventures Limited, a connected company, during the year for £400,000. At the balance sheet date the company owed Car Cloud Ventures Limited £80,056 (2018 - £Nil).

28. Controlling party

The ultimate controlling party is G S Smith.