

Company Registration No. 07158006 (England and Wales)

**LEAD FORENSICS LIMITED AND SUBSIDIARY
COMPANY**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**



LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

COMPANY INFORMATION

Directors	Mr H R C Braithwaite Mr P Thomas Mr A Yonge
Secretary	Mr P Thomas
Company number	07158006
Registered office	3000 Lakeside North Harbour Western Road Portsmouth Hampshire PO6 3EN
Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Business address	3000 Lakeside North Harbour Western Road Portsmouth Hampshire PO6 3EN
Bankers	HSBC Bank plc 118 Commercial Road Portsmouth PO1 1EP

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Fair review of the business

The Group continued to grow in 2019 and turnover increased by 7% compared to the prior year. The Group remained profitable, albeit at lower levels than in the previous year. This reflects ongoing investment in all aspects of the business, in particular in the product range. There was an ongoing focus in 2019 on Research and Development, both in new and existing products. Towards the end of the year these investments began to realise greater returns with increased turnover and profitability.

At the year end the Group had shareholder funds of £3,617,484 (2018 - £3,753,212). Current assets remained stable, driven by an increase in trade debtors. The latter reflects the increased turnover towards the end of year.

Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have assessed the impact of the coronavirus pandemic on the future outlook for the business and consider that the Group will remain a going concern.

Future developments

Since the year end the coronavirus pandemic has had a profound impact on the global economy, providing a more challenging environment in which to operate. However, Lead Forensics remains focused on continued business growth and has maintained business continuity post year end.

Growth of existing products and commercialisation of new products in both the UK and overseas markets remains a key focus. The investment in people and product has continued and is still expected to result in long term growth.

Principal risks

A key risk to the business is a contraction in the sales line. The Group maintains a high level of focus on all aspects of the sales cycle as well as containing costs to a level appropriate to the Group's growth.

Furthermore, the Group's positive cash reserves limits exposure to the above, and consequently, the group considers its exposure to risks in the areas of price risk, credit risk, liquidity risk and cash flow risk as low. A key objective in this area remains to have no external borrowings and to finance both growth and day to day financial commitments organically. Furthermore, the Group aims to minimise financial risk through maintaining as low as possible balances with related parties.

The Group makes little use of financial instruments other than its operational bank accounts so risk of exposure to Group profits in this area is minimal.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

STRATEGIC REPORT (CONTINUED)


FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

The group remains fully committed to its strategy of investing in people and product with the goal of long term sales growth. Nonetheless, the group must maintain positive net profit before tax to fund this strategy :

	2019	2018
Sales growth (£millions)	1.6	(0.8)
Net profit before tax %	0.6%	1.5%

On behalf of the board


.....
Mr A Yonge
Director

Date: 2 DECEMBER 2020

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of the company and group continued to be that of development and sale of lead generation software.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr H R C Braithwaite
Mr P Thomas
Mr A Yonge

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £222,234 (2018 - £49,500). The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
Mr A Yonge
Director

Date: 2 DECEMBER 2020

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

Opinion

We have audited the financial statements of Lead Forensics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 December 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY (CONTINUED)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Paul Anthony (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TY

2 December 2020

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	24,311,641	22,689,809
Cost of sales		(13,939,628)	(13,123,534)
Gross profit		10,372,013	9,566,275
Administrative expenses		(10,254,394)	(9,260,985)
Operating profit	6	117,619	305,290
Interest receivable and similar income	8	31,953	23,751
Profit before taxation		149,572	329,041
Tax on profit	9	(43,431)	115,249
Profit for the financial year		106,141	444,290
Other comprehensive income net of taxation			
Currency translation differences		(19,635)	(7,378)
Total comprehensive income for the year		86,506	436,912


Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		571,784		459,820
Current assets					
Debtors	14	2,700,018		1,724,678	
Cash at bank and in hand		5,158,574		6,253,819	
		<u>7,858,592</u>		<u>7,978,497</u>	
Creditors: amounts falling due within one year	15	<u>(4,812,892)</u>		<u>(4,661,439)</u>	
Net current assets			<u>3,045,700</u>		<u>3,317,058</u>
Total assets less current liabilities			<u>3,617,484</u>		<u>3,776,878</u>
Provisions for liabilities	16		-		<u>(23,666)</u>
Net assets			<u>3,617,484</u>		<u>3,753,212</u>
Capital and reserves					
Called up share capital	19		1,100		1,100
Share premium account	20		19,564		19,564
Profit and loss reserves	20		3,596,820		3,732,548
Total equity			<u>3,617,484</u>		<u>3,753,212</u>

The financial statements were approved by the board of directors and authorised for issue on ~~2 DECEMBER 2019~~ and are signed on its behalf by:




 Mr A Yonge
 Director

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		422,042		399,531
Investments	12		3,331		3,331
			<u>425,373</u>		<u>402,862</u>
Current assets					
Debtors	14	2,098,018		1,004,567	
Cash at bank and in hand		4,359,030		5,670,813	
			<u>6,457,048</u>		<u>6,675,380</u>
Creditors: amounts falling due within one year	15	(3,697,359)		(3,227,341)	
Net current assets			<u>2,759,689</u>		<u>3,448,039</u>
Total assets less current liabilities			<u>3,185,062</u>		<u>3,850,901</u>
Provisions for liabilities	16		-		(23,666)
Net assets			<u>3,185,062</u>		<u>3,827,235</u>
Capital and reserves					
Called up share capital	19		1,100		1,100
Share premium account	20		19,564		19,564
Profit and loss reserves	20		3,164,398		3,806,571
Total equity			<u>3,185,062</u>		<u>3,827,235</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £419,939 (2018 - £127,991 profit).

The financial statements were approved by the board of directors and authorised for issue on ~~2 DECEMBER 2020~~ and are signed on its behalf by:



 Mr A Yonge
 Director

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		1,100	19,564	3,345,136	3,365,800
Year ended 31 December 2018:					
Profit for the year		-	-	444,290	444,290
Other comprehensive income net of taxation:					
Currency translation differences		-	-	(7,378)	(7,378)
Total comprehensive income for the year		-	-	436,912	436,912
Dividends	10	-	-	(49,500)	(49,500)
Balance at 31 December 2018		1,100	19,564	3,732,548	3,753,212
Year ended 31 December 2019:					
Profit for the year		-	-	106,141	106,141
Other comprehensive income net of taxation:					
Currency translation differences		-	-	(19,635)	(19,635)
Total comprehensive income for the year		-	-	86,506	86,506
Dividends	10	-	-	(222,234)	(222,234)
Balance at 31 December 2019		1,100	19,564	3,596,820	3,617,484

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

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

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		1,100	19,564	3,728,080	3,748,744
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	127,991	127,991
Dividends	10	-	-	(49,500)	(49,500)
Balance at 31 December 2018		1,100	19,564	3,806,571	3,827,235
Year ended 31 December 2019:					
Loss and total comprehensive income for the year		-	-	(419,939)	(419,939)
Dividends	10	-	-	(222,234)	(222,234)
Balance at 31 December 2019		1,100	19,564	3,164,398	3,185,062

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		314,436		775,911
Income taxes (paid)/refunded			(53,911)		1,327
Net cash inflow from operating activities			<u>260,525</u>		<u>777,238</u>
Investing activities					
Purchase of tangible fixed assets		(398,019)		(124,205)	
Advance of director's loan		(748,007)		-	
Interest received		31,953		23,751	
Net cash used in investing activities			<u>(1,114,073)</u>		<u>(100,454)</u>
Financing activities					
Dividends paid to equity shareholders		(222,234)		(49,500)	
Net cash used in financing activities			<u>(222,234)</u>		<u>(49,500)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(1,075,782)</u>		<u>627,284</u>
Cash and cash equivalents at beginning of year			6,253,819		5,606,943
Effect of foreign exchange rates			(19,463)		19,592
Cash and cash equivalents at end of year			<u><u>5,158,574</u></u>		<u><u>6,253,819</u></u>

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

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

1 Accounting policies

Company information

Lead Forensics is a private company limited by shares incorporated in England and Wales. The registered office is 3000 Lakeside, North Harbour, Western Road, Portsmouth, PO6 3EN.

The group consists of Lead Forensics Limited and its subsidiary Lead Forensics Inc.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £419,939 (2018 - £127,991 profit).

Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost; loan defaults or breaches, and descriptions of hedging relationships

Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements

Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Lead Forensics Limited and its subsidiary (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In making this assessment, the directors have considered the impact of the Covid-19 outbreak on the global economy and the impact that this may have on the group. The directors have forecast up until December 2021 and this shows that the group has adequate cash reserves to continue to operate. Therefore the going concern basis remains appropriate.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Sales are recognised at the point at which the company has fulfilled its contractual obligations to the client.

Revenue from contracts for the provision of lead generation software is recognised on a straight line basis over the period of the contract.

Tangible fixed assets

Tangible fixed assets are measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20-33% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown within other creditors.

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a suitable valuation model. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into Group's presentational currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Bad debt provision

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of lead generation software	24,311,641	22,689,809
	<u>24,311,641</u>	<u>22,689,809</u>
Turnover analysed by geographical market		
	2019	2018
	£	£
United Kingdom	11,530,383	11,506,600
Other European Countries	2,767,908	2,193,423
United States of America	8,812,276	7,799,146
Other Non-European Countries	1,201,074	1,190,640
	<u>24,311,641</u>	<u>22,689,809</u>

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administrative staff	153	170	146	158
Direct labour	312	293	237	179
Directors	2	1	2	1
	<u>467</u>	<u>464</u>	<u>385</u>	<u>338</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	17,224,133	16,131,230	11,480,096	10,308,048
Social security costs	1,200,604	1,067,910	1,195,866	1,067,910
Pension costs	183,500	329,232	183,111	329,232
	<u>18,608,237</u>	<u>17,528,372</u>	<u>12,859,073</u>	<u>11,705,190</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	150,593	175,122
Company pension contributions to defined contribution schemes	17,960	232,682
	<u>128,469</u>	<u>407,804</u>

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

6 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	20,168	(15,101)
Depreciation of owned tangible fixed assets	280,859	291,860
Operating lease charges	660,544	670,370
	<u>961,571</u>	<u>957,129</u>

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Auditor's remuneration	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	22,500	21,230
	<u> </u>	<u> </u>
8 Interest receivable and similar income	2019	2018
	£	£
Interest income		
Other interest income	31,953	23,751
	<u> </u>	<u> </u>
9 Taxation	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	126,495	21,848
Adjustments in respect of prior periods	(59,398)	(124,702)
Total UK current tax	67,097	(102,854)
Foreign current tax on profits for the current period	-	3,660
Total current tax	67,097	(99,194)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(23,798)	(16,247)
Adjustment in respect of prior periods	132	192
Total deferred tax	(23,666)	(16,055)
	<u> </u>	<u> </u>
Total tax charge/(credit)	43,431	(115,249)
	<u> </u>	<u> </u>

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	149,572	329,041
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	28,419	62,518
Tax effect of expenses that are not deductible in determining taxable profit	7,275	4,644
Adjustments in respect of prior years	(59,266)	(124,510)
Foreign exchange differences	2,505	-
Utilisation of losses	64,498	(60,612)
Foreign tax	-	2,711
Taxation charge/(credit)	43,431	(115,249)

The headline UK corporation tax rate was 20% up until 1 April 2017 when it reduced to 19%. This is due to fall to 17% with effect from 1 April 2020. As this change was substantively enacted at the balance sheet date and no material amount is expected to unwind prior to 1 April 2020, deferred tax is recognised at 17% in the current period.

10 Dividends

Recognised as distributions to equity holders:

	2019 Per share	2018 Per share	2019 Total £	2018 Total £
A shares				
Final paid	3.37	0.75	222,234	49,500
Total dividends				
Final paid			222,234	49,500

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

Group	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 January 2019	606,376	881,072	1,487,448
Additions	198,994	199,025	398,019
Exchange adjustments	(8,429)	(5,641)	(14,070)
At 31 December 2019	796,941	1,074,456	1,871,397
Depreciation and impairment			
At 1 January 2019	326,340	701,288	1,027,628
Depreciation charged in the year	128,878	151,981	280,859
Exchange adjustments	(4,241)	(4,633)	(8,874)
At 31 December 2019	450,977	848,636	1,299,613
Carrying amount			
At 31 December 2019	345,964	225,820	571,784
At 31 December 2018	280,036	179,784	459,820
Company			
	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 January 2019	476,256	737,009	1,213,265
Additions	77,591	174,302	251,893
At 31 December 2019	553,847	911,311	1,465,158
Depreciation and impairment			
At 1 January 2019	232,457	581,277	813,734
Depreciation charged in the year	96,016	133,366	229,382
At 31 December 2019	328,473	714,643	1,043,116
Carrying amount			
At 31 December 2019	225,374	196,668	422,042
At 31 December 2018	243,799	155,732	399,531

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	13	-	-	3,331	3,331

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 and 31 December 2019	3,331
Carrying amount	
At 31 December 2019	3,331
At 31 December 2018	3,331

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Lead Forensics Incorporated	2970 Clairmont Rd NE, Suite 450, Atlanta GA30329	Development and sale of lead generation software	Ordinary shares	100.00

14 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,303,142	1,190,034	871,040	576,874
Corporation tax recoverable	47,569	57,514	32,890	57,514
Amounts owed by group undertakings	-	-	-	11,499
Other debtors	748,684	3,826	748,007	278
Prepayments and accrued income	600,623	473,304	446,081	358,402
	<u>2,700,018</u>	<u>1,724,678</u>	<u>2,098,018</u>	<u>1,004,567</u>

During the year, the group wrote off £158,938 (2018 - £91,089) in relation to bad debts.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Deferred taxation (Continued)

Of the deferred tax liability set out above, £18,000 is expected to reverse within 12 months in relation to accelerated capital allowances that are expected to mature in the same period.

17 Employee share options

The group has issued share options under the Enterprise Management Incentives Scheme for two members of staff including one director. This scheme was established in 2015.

As at 31 December 2019 all options remained unexercised. The total number of options issued and in existence was 2,425. The weighted average share price of those options issued and outstanding as the year end was £0.01 per share. The share options are exercisable on disposal of the business and have an expiry date of 29 April 2025.

The fair value of the options issued has been assumed as immaterial and therefore no charge has been reflected within the financial statements.

18 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	183,500	329,232

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. As at the balance sheet date £42,992 (2018 - £27,386) was outstanding.

19 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
66,000 A shares of 1p each	660	660
44,000 B shares of 1p each	440	440
	<u>1,100</u>	<u>1,100</u>

The 'A' shares and the 'B' shares shall each carry full voting rights and rank pari passu in all respects except in relation to income where the shares shall rank separately with regard to entitlement to dividend such that the directors may at any time resolve to declare or recommend a dividend on one class of share and not on the other class.

20 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

21 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	834,384	598,628	488,603	459,729
Between one and five years	677,827	502,846	132,244	502,846
	<u>1,512,211</u>	<u>1,101,474</u>	<u>620,847</u>	<u>962,575</u>

22 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows £	Exchange rate movements £	31 December 2019 £
Cash at bank and in hand	6,253,819	(1,075,782)	(19,463)	<u>5,158,574</u>

23 Subsequent events

Subsequent to the company's financial year end, the World Health Organisation (WHO) announced on 31 January 2020 a global health emergency related to a new strain of coronavirus originating in Wuhan, China (Covid-19). The impact on the UK and global economies and business is expected to be significant. The directors cannot predict the impact on the company (or its customers or suppliers), although as detailed in note 1 they are confident that the company will continue as a going concern.

24 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	106,141	444,290
Adjustments for:		
Taxation charged/(credited)	43,431	(115,249)
Investment income	(31,953)	(23,751)
Depreciation and impairment of tangible fixed assets	280,859	291,860
Movements in working capital:		
(Increase) in debtors	(263,638)	(46,702)
Increase in creditors	179,596	225,463
Cash generated from operations	<u>314,436</u>	<u>775,911</u>

LEAD FORENSICS LIMITED AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Directors' transactions

Dividends totalling £222,234 (2018 - £49,500) were paid in the year in respect of shares held by the company's directors.

During the year, a director was given an advance of £748,007 (2018 - £nil). During the year, he repaid £nil (2018 - £390) leaving a balance at the year end owed by the director of £748,007 (2018 - £nil). The maximum amount owed at any point during the year was £748,007 (2018 - £nil).

No interest was charged on these advances.

26 Controlling party

The company was under the control of Mr P Thomas during the current and previous year, by virtue of his majority shareholding.