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# **INTECHNOLOGY PLC**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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## INTECHNOLOGY PLC

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### COMPANY INFORMATION

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<b>Directors</b>	Charles Scott Peter Wilkinson Andrew Kaberry Bryn Sage
<b>Company secretary</b>	Andrew Kaberry
<b>Registered number</b>	03916586
<b>Registered office</b>	Cardale House Cardale Court Beckwith Head Road Harrogate HG3 1RY
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	Lloyds Bank plc 6-7 Park Row Leeds LS1 1NX

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## INTECHNOLOGY PLC

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## INTECHNOLOGY PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### Introduction

Our three operating subsidiaries continue to progress towards the overall Group achieving operating profits and generating cash flows.

Digital Healthcare achieved operating profits for the year assisted by one-off margins on non-core contracts being terminated during the year, and Wi-Fi Services and Telecom Services achieved much reduced operating losses. These are discussed later.

I have made further loans to the Group as reported to you in September 2017 and at 31 March 2018 these total £10.4m and have increased to date.

#### Financial key performance indicators

• Revenues:	£6.0m (2017:£8.1m)
• Group operating loss:	£4.5m (2017:£10.1m)
• Loss attributable to owners of the parent Company:	£4.0m (2017:£7.7m)
• Cash:	£0.9m (2017:£0.8m)
• Debt:	£10.4m (2017:£3.4m)

Debt comprises finance leases in InTechnology Wi-Fi Limited of £0.5m (2017:£0.4m) and loans to InTechnology plc of £9.9m (2017:£3.0m) from Holf Investments Limited, a company controlled by Peter Wilkinson.

Post balance sheet share issue on 8 August 2018.

At the Annual General Meeting held on 31 January 2018 special resolutions 5 & 6 were passed authorising the board to issue up to 50 million ordinary shares. On 8 August 2018 the board unanimously agreed to issue to Peter Wilkinson of 50 million ordinary shares in consideration for unpaid interest and fees accruing from loans made to the company. After this share issue Peter Wilkinson owns 65 per cent of the company, previously 56 per cent.

**GROUP STRATEGIC REPORT CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Business review**

Wi-Fi (InTechnology Wi-Fi Limited-94.3% subsidiary)

- Revenues: £0.4m (2017:£0.1m)
- Operating loss: £2.8m (2017:£4.3m)

Revenues show a modest increase but operating losses had a sharp decline to £2.8m as operating costs were much lower than 2017 following the lower cost base as the sports stadium activities were closed, as reported last year. Our core activity is now providing free Wi-Fi to UK local authorities.

To date we successfully provide and maintain free Wi-Fi access to areas of large footfall in six towns and cities. We have a large pipeline of contracts at varying stages of negotiation and expect by March 2019 to have contracted fourteen. Our short term target is to have at least thirty five by 2020.

More importantly, during the year we have identified and quantified revenue streams from Small Cells, the Internet of Things and Smart Cities as well as from sponsorship and advertising. These revenue streams are expected to be substantial in future years and will be shared as per contract with each Local Authority.

Digital Health (Inhealthcare Limited-93.0% subsidiary)

- Revenue: £2.9m (2017:£5.7m)
- Operating profit: £0.2m (2017:£2.1m loss)

Revenues for the year remain dominated by a G-Cloud accredited services contract with NHS Digital but which we novated to the service provider in October 2017. Operating costs remained under tight controls with the result of an operating profit for the year of £0.2m compared to the prior year operating loss of £2.1m

Development of our Digital Health platform for patient self-monitoring of conditions continues and a notable milestone was the first release of our Inhealthcare Tool Kit that enables clinicians, amongst others, to quickly create Apps for any clinical condition, they define the protocol and build the digital pathway. Our ITK vastly reduces the time from concept to application. The ITK has been well received and to date there are now over 50 Pathways built by our NHS partners deployed on our Platform.

We are presently considering extending the software architecture in the Digital Health Platform to other business uses.

Now that development activities are at an advanced stage business development activities into the NHS were ramped up, and have successfully consolidated and grown our Platform user base we have through an associated company, Healthcall Solutions Limited, contracted for a regional approach to digital health across the North East of England. Healthcall Solutions is currently a joint venture with 6 local NHS Trusts and we are in advanced discussions to bring the remaining NHS providers in the region into this venture. Initial contracts were also secured in Manchester, parts of London, Northern Ireland and the Yorkshire and Humber region. We hope next year to report further NHS areas deploying our Platform and also into the Social Care sector via our Professional App for the Care Home market which was successfully deployed as part of NHS England's Test Bed initiative.

Finally, we have successfully migrated our Platform onto AWS, Amazon Web Services, which is an accredited services provider to the public sector, and this gives us reliability and scalability for our UK Platform operations as well as access to International markets should we wish to go there.

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## INTECHNOLOGY PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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Mobile Tornado Group plc "MT" (42.5% subsidiary)

• Revenues:	£2.5m (2017:£2.2m)
• Operating loss	£1.5m (2017:£2.8m)
• Operating loss after tax credit	£0.6m (2017: £3.0m)

This was the first full year under the management team of our new CEO.

Tremendous technical achievements have been made resulting in a very stable operating platform managed by our customers and the release of several major enhancements to the products we offer. We now offer a first class, resilient and price competitive product offering.

Whilst there was a small revenue increase to £2.5m for the year our operating losses reduced significantly to £1.5m (2017:£3.0m).

Our short-term objective is to maintain our operating costs and secure new sales contracts thus earning sustainable operating profits and cash flows.

The market for our Push-To-Talk services remains the workforce management and security services. Such global markets are now opening up to our products as IDEN technology is retired and we have superior products to PMR on cost and performance.

On 12 January 2018 MT placed 27 million ordinary shares giving gross cash proceeds of £1.350 million required for its working capital requirements. This resulted in our investment to reduce to 42.5 per cent of the enlarged share capital. On 12 June 2018 at MT's AGM resolutions were passed allowing a further issue of 50.8 million ordinary shares to be issued to InTechnology for a debt reduction consideration of £2.54 million. This share issue takes our investment to 51 per cent of the increased MT share capital.

#### Outlook

Your board of directors continue to regularly review all three trading subsidiaries. The board recognises the difficulties and risks inherent in each business as to the quantum of future revenues and as to the timing of them.

The board has confidence that each business will eventually achieve sustainable profits and generate positive cash flows. Each business has made progress in the year under review and continues to into this new year in terms of product development and marketing to each clearly identified niche market. However, the overall group has not attained operating profit and the directors have to make judgements on the size of each market and the time it will take to reach positive and sustainable cash flows and therefore the further amount of working capital required.

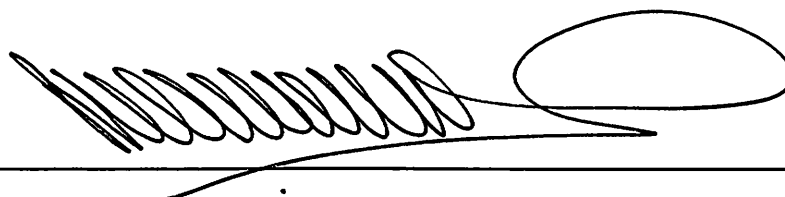
The board regularly reviews the Group's cash flow forecast to ensure there is sufficient working capital to meet liabilities as they fall due. Each business is subject to key assumptions being tested and the timing of key events. Forecasts adopted by the board indicate that the group can meet its obligations as the fall due with a guarantee of support but not for a further twelve months from Peter Wilkinson. As the overall group has not yet achieved sustainable profitability nor generates positive cash flows any adverse variance from the forecasts can be offset by a sale of the whole or a part interest in any of the three subsidiaries to make up the shortfall and enable the group to meet its liabilities as they fall due. Your board has already actioned such contingency plans.

#### Our staff

I wish to thank on your behalf all of our staff in the UK and Israel for their continued hard work and commitments to achieving our objectives. I also thank all our partners in all areas of the business.

This report was approved by the board on 27 September and signed on its behalf.

Peter Wilkinson CEO



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## INTECHNOLOGY PLC

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### DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and the audited consolidated financial statements for the year ended 31 March 2018.

#### Principal activities

InTechnology plc provides digital health services and Wi-Fi systems to the UK market and telecom services to the global market.

#### Business review

The information that fulfils the requirements of the Business Review can be found in the Strategic report on pages 1 to 3. Our review of the principal risks and uncertainties of the business is set out on pages 7 to 9.

#### Results and dividends

The loss for the year, after taxation and minority interests, amounted to £3,970,000 (2017 - loss £7,671,000).

Accordingly, no dividend will be paid. (2017 - £nil).

#### Directors

The directors who served during the year and their interests in the Group's issued share capital were:

	Ordinary shares of 1p each	
	31/3/18	1/4/17
Charles Scott (non – executive)	-	-
Peter Wilkinson	78,403,998	78,403,998
Andrew Kaberry	7,725,961	7,725,961
Bryn Sage	1,491,969	1,491,969
Richard James (resigned 19 May 2017)	800,000	800,000

#### Political contributions

The contributions made by the Group during the year for charitable purposes totalled £nil (2017 : £nil). The Group made no political contributions (2017: £nil).

#### Principal risks and uncertainties

##### Environmental matters

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

##### Future developments

The Group continues to strive to gain new contracts in all its businesses.

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## INTECHNOLOGY PLC

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### DIRECTORS REPORT CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

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#### Research and development activities

The Group continues to undertake the development of new products with the objective of increasing future profitability. The cost to the Group is written off to the Statement of comprehensive income as incurred.

#### Employee involvement

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends to a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an employment environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements, which cannot objectively be justified. Entry into, and progression within the Group, is solely determined on the basis of work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities.

The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

#### Substantial shareholdings

The Company has received notification that the following six shareholders are interested in more than 3% of the issued ordinary share capital of the Company (totalling 93.6%):

Percentage of shares held	
Peter Wilkinson	65.1%
Artemis fund managers	10.7%
Jon Wood	8.2%
Lombard Odier fund managers	3.9%
Andrew Kaberry	3.2%
Herald fund managers	2.5%

#### 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.



**DIRECTORS REPORT CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Post balance sheet events**

At the Annual General Meeting held on 31 January 2018 special resolutions 5 & 6 were passed authorising the board to issue up to 50 million ordinary shares. On 8 August 2018 the board unanimously issued to Peter Wilkinson 50 million ordinary shares in consideration for unpaid interest and fees accruing from loans made to the company. After this share issue Peter Wilkinson owns 65 per cent of the company, previously 56 per cent.

**Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

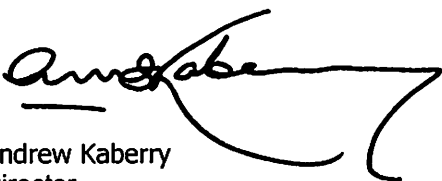
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors 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 Auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2018 and signed on its behalf.

  
Andrew Kaberry  
Director

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## INTECHNOLOGY PLC

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### CORPORATE GOVERNANCE

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InTechnology plc is an unlisted public company and is not therefore required to comply with the provisions of the UK Corporate Governance Code (the "Code"). The following disclosures are made voluntarily.

#### **Principles of Corporate Governance**

The Board recognises the value of good corporate governance as a positive contribution to the well-being of the business and believes in applying these principles in a sensible and pragmatic manner that are considered appropriate to the nature and size of the Group.

#### **Board of Directors**

The Board of Directors consists of four members, including one non-executive Director.

The role of the Chief Executive Officer is clearly defined and the activities of the Company are controlled by the Board, which meets throughout the year.

There is a formal schedule of matters specifically reserved for the full Board's decision, together with a policy enabling Directors to take independent advice in the furtherance of their duties at the Company's expense. The Board programme is designed so that Directors have regular opportunity to consider the Company's strategy, policies, budgets, progress reports and financial position and to arrive at a balanced assessment of the Company's position and prospects.

#### **Re-election of Directors**

As required by the Company's Articles of Association, Directors offer themselves for re-election at least once every three years. Any Director appointed during the year is required to seek re-appointment by shareholders at the next Annual General Meeting.

The board receives reports from the following committee:

#### **The Executive Operating Boards**

This comprises the executive Directors and certain senior business managers of each operating Subsidiary, and is chaired by the Group Chief Executive Officer. It acts as a general operating management committee and meets regularly for most of the year. It authorises recruitment and capital expenditure and reviews operational and financial performance.

#### **Relations with shareholders**

The Company seeks to ensure that all shareholders are kept informed about the Company and its activities.

A comprehensive annual report is sent to shareholders. The annual report is put on the websites of AssetMatch ([www.assetmatch.com](http://www.assetmatch.com)) and the Company ([www.intechnologyplc.com](http://www.intechnologyplc.com)).

The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question Board members.

**CORPORATE GOVERNANCE continued**

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**Internal control**

The Board of Directors acknowledges its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness. The Board has control over strategic, financial and compliance issues and has introduced a structure of responsibility with appropriate levels of authority.

The Company's Directors and varying levels of management have clear responsibilities in ensuring that the control environment operates efficiently. Clear lines of responsibility are developed through the Company's organisational structure. Ethical policies are communicated through all forms of personnel training and via appropriate procedures in establishing a code of ethics.

Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

The principal features of the Company's internal financial control structures can be summarised as follows:

- Preparation of budgets and forecasts approved by the Board;
- Monthly management accounts are reviewed by the Board and the Executive Operating Boards; and
- The Company's cash flow is monitored monthly.

The Executive Operating Boards authorise capital expenditure.

The Board has continued to enhance its risk control programme, in particular, those elements which relate to ensuring that risk reviews are formally embedded in control systems rather than being the subject of formal annual reviews.

Where lapses in internal control are detected, these are rectified.

**Potential risks and uncertainties**

There are a number of potential risks and uncertainties that could have an impact on the Company's long term prospects.

**Competitive pressures**

All our businesses operate in a competitive environment.

To mitigate these competitive pressures, the Company targets niche sectors of the Digital Health, Wi-Fi systems and telecoms markets, and develops and refines its services to demonstrate a competitive edge to its existing and potential customers.

All businesses contract with agreed Service Level Agreements ("SLA's"). Adherence by the Company to operating within such SLAs is crucial to maintaining customer satisfaction and the renewal of a contract. Internal procedures ensure that SLAs are constantly monitored and resources allocated to maintain levels of service of at least a minimum of that contracted with customers.

**CORPORATE GOVERNANCE continued**

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**Staff costs**

As a services business, total staff costs are approximately 42% of our total operating costs. The Company could be hindered by a shortage or inability to recruit and retain qualified and experienced staff.

To mitigate this risk, the Company constantly seeks to structure its recruitment and retention strategies to attract and retain the right people.

**Economy**

Any economic downturn can detrimentally affect the Company's level of demand for its services.

To mitigate this risk, the Company will, when possible, contract for all services for a minimum of twelve months in order to have contracted future revenues.

**Risk assessment**

The Board is made aware of all risks to the Company by the executive Directors who are members of the Executive Operating Boards.

The Executive Operating Boards has established an ongoing process for identifying, evaluating and managing the significant risks faced by each operating subsidiary.

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## INTECHNOLOGY PLC

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### REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### Directors' remuneration

##### Remuneration of non-executive Directors

The remuneration of the non-executive Directors is determined by the Board, with the assistance of independent advice concerning comparable organisations and appointments. The non-executive Directors do not take part in discussions on their remuneration nor do they receive any pension from the Group.

##### Remuneration of executive Directors

The main aim of the Company's executive pay policy is to secure the skills and experience needed to meet its strategic business objectives. Furthermore, the Company aims to align the interests of all employees as closely as possible with the interests of shareholders through share-based incentives.

##### Pensions

Certain executive Directors are members of defined contribution pension schemes, the assets of which are held independently of the Company. The amounts contributed by the Company for the year ended 31 March 2018 were £12,000 (2017: £14,000).

The Company does not provide any other post-retirement benefits to the Directors.

##### Contracts of service

The executive Directors have contracts of service that can be terminated by the Company with the following notice periods:

Peter Wilkinson	12 months
Andrew Kaberry	6 months
Bryn Sage	12 months

If the Company terminates the contract by notice but other than on giving full notice, the contracts of service provide for the payment of a fixed amount equal to the salary and other contractual benefits for the unexpired portion of the appointment or entitlement to notice, as the case may be.

# INTECHNOLOGY PLC

## REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2018

	Salary	Bonus	<u>2018</u> Benefits in kind	Pension contributions	Total	<u>2017</u> Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive Directors</b>						
Peter Wilkinson	212	-	57	3	272	278
Bryn Sage	184	-	4	9	197	200
Andrew Kaberry	162	-	32	-	194	199
Richard James (resigned 19 May 2017)	135	-	-	-	135	186
	<b>693</b>	<b>-</b>	<b>93</b>	<b>12</b>	<b>798</b>	<b>863</b>
	Fees	Bonus	Benefits in kind	Pension contributions	Total	Total
<b>Non-executive directors</b>						
The Rt. Hon. Lord Parkinson	-	-	-	-	-	15
Charles Scott	30	-	-	-	30	30
	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>45</b>
<b>Total</b>	<b>723</b>	<b>0</b>	<b>93</b>	<b>12</b>	<b>828</b>	<b>908</b>

Benefits in kind include the provision of a company car (or car allowance), fuel, medical insurance, life insurance and insurance relating to the Directors' duties.

# *Independent auditors' report to the members of InTechnology plc*

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, InTechnology plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position and the company statement of financial position as at 31 March 2018; the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the company statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

- 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 and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.



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## INTECHNOLOGY PLC

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With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### *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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
27 September 2018



# INTECHNOLOGY PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2017 £000
Turnover	5	5,993	8,145
Cost of sales		(2,536)	(5,806)
<b>Gross profit</b>		<b>3,457</b>	<b>2,339</b>
Administrative expenses		(7,959)	(12,488)
<b>Operating loss</b>	6	<b>(4,502)</b>	<b>(10,149)</b>
Interest receivable and similar income	10	2	10
Interest payable and expenses	11	(1,528)	(50)
<b>Loss before taxation</b>		<b>(6,028)</b>	<b>(10,189)</b>
Tax credit on loss	12	1,220	630
<b>Loss for the financial year</b>		<b><u>(4,808)</u></b>	<b><u>(9,559)</u></b>
 <b>Total comprehensive loss for the year</b>		 <b><u>(4,808)</u></b>	 <b><u>(9,559)</u></b>
<b>(Loss) for the year attributable to:</b>			
Non-controlling interests		(838)	(1,888)
Owners of the parent Company		(3,970)	(7,671)
		<b><u>(4,808)</u></b>	<b><u>(9,559)</u></b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

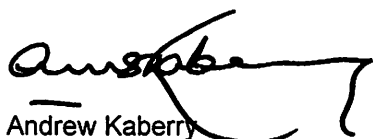
The notes on pages 22 to 46 form part of these financial statements.

**INTECHNOLOGY PLC**  
**REGISTERED NUMBER: 03916586**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £000	2017 £000
<b>Non – current assets</b>			
Intangible assets	13	6,726	6,726
Tangible assets	14	1,209	1,487
Deferred tax asset	17	521	521
		<u>8,456</u>	<u>8,734</u>
<b>Current assets</b>			
Stocks	16	113	-
Debtors	17	4,628	4,499
Cash at bank and in hand	18	910	803
		<u>5,651</u>	<u>5,302</u>
Creditors: amounts falling due within one year	19	(3,904)	(6,783)
<b>Net current assets/(liabilities)</b>		<u>1,747</u>	<u>(1,481)</u>
<b>Total assets less current liabilities</b>		<u>10,203</u>	<u>7,253</u>
Creditors: amounts falling due after more than one year	20	(15,779)	(8,021)
<b>Net liabilities excluding pension asset</b>		<u>(5,576)</u>	<u>(768)</u>
<b>Net liabilities</b>		<u>(5,576)</u>	<u>(768)</u>
<b>Capital and reserves</b>			
Called up share capital	24	1,943	1,943
Share premium account	25	5,015	5,015
Other reserves	25	202	202
Profit and loss account	25	(10,058)	(6,088)
<b>Equity attributable to owners of the parent Company</b>		<u>(2,898)</u>	<u>1,072</u>
Non-controlling interests		(2,678)	(1,840)
<b>Total Equity</b>		<u>(5,576)</u>	<u>(768)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2018.



Andrew Kaberry  
Director

The notes on pages 22 to 46 are an integral part of these consolidated financial statements.

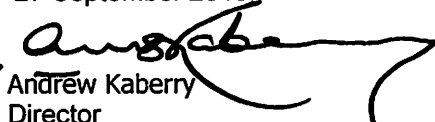
**INTECHNOLOGY PLC**  
**REGISTERED NUMBER: 03916586**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £000	2017 £000
<b>Non - current assets</b>			
Tangible assets	14	65	155
Investments	15	15,920	15,920
Deferred tax asset	17	555	555
		<u>16,540</u>	<u>16,630</u>
<b>Current assets</b>			
Debtors	17	6,592	23,327
Cash at bank and in hand	18	141	561
		<u>6,733</u>	<u>23,888</u>
Creditors: amounts falling due within one year	19	(972)	(4,895)
<b>Net current assets</b>		<u>5,761</u>	<u>18,983</u>
<b>Total assets less current liabilities</b>		<u>22,301</u>	<u>35,623</u>
Creditors: amounts falling due after more than one year	20	(19,477)	(11,768)
<b>Net assets excluding pension asset</b>		<u>2,824</u>	<u>23,855</u>
<b>Net assets</b>		<u><u>2,824</u></u>	<u><u>23,855</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	1,943	1,943
Share premium account	25	5,015	5,015
Other reserves	25	202	202
Profit and loss account	25	(4,336)	16,695
<b>Total Equity</b>		<u><u>2,824</u></u>	<u><u>23,855</u></u>

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the year was £21,031,000 (2017:£8,206,000) which includes impairment charges of £18,554,000 of amounts owed by InTechnology Wi-Fi Limited and Inhealthcare Limited.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2018.

  
 Andrew Kaberry  
 Director

The notes on pages 22 to 46 form part of these financial statements.

**INTECHNOLOGY PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non-controll ing interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	1,943	5,015	202	(6,088)	1,072	(1,840)	(768)
<b>Comprehensive expense for the year</b>							
Loss for the year	-	-	-	(3,970)	(3,970)	(838)	(4,808)
<b>Total comprehensive expense for the year</b>	-	-	-	(3,970)	(3,970)	(838)	(4,808)
<b>At 31 March 2018</b>	<b>1,943</b>	<b>5,015</b>	<b>202</b>	<b>(10,058)</b>	<b>(2,898)</b>	<b>(2,678)</b>	<b>(5,576)</b>

The notes on pages 22 to 46 form part of these financial statements.

# INTECHNOLOGY PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non-controll ing interests	Total shareholder's deficit
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	1,943	5,015	202	1,583	8,743	48	8,791
<b>Comprehensive expense for the year</b>							
Loss for the year	-	-	-	(7,671)	(7,671)	(1,888)	(9,559)
<b>Total comprehensive expense for the year</b>	-	-	-	(7,671)	(7,671)	(1,888)	(9,559)
<b>At 31 March 2017</b>	<b>1,943</b>	<b>5,015</b>	<b>202</b>	<b>(6,088)</b>	<b>1,072</b>	<b>(1,840)</b>	<b>(768)</b>

The notes on pages 22 to 46 form part of these financial statements.

# INTECHNOLOGY PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2017	1,943	5,015	202	16,695	23,855
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(21,031)	(21,031)
<b>At 31 March 2018</b>	<b>1,943</b>	<b>5,015</b>	<b>202</b>	<b>(4,336)</b>	<b>2,824</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2016	1,943	5,015	202	24,901	32,061
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(8,206)	(8,206)
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,206)</b>	<b>(8,206)</b>
<b>At 31 March 2017</b>	<b>1,943</b>	<b>5,015</b>	<b>202</b>	<b>16,695</b>	<b>23,855</b>

The notes on pages 22 to 46 form part of these financial statements.

# INTECHNOLOGY PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year before taxation	(6,028)	(10,189)
<b>Adjustments for:</b>		
Depreciation of tangible assets	606	632
Loss on disposal of tangible assets	-	(1)
(Increase)/decrease in stocks	(113)	431
Decrease/(increase) in debtors	(238)	(479)
Increase in creditors	4,787	5,944
Corporation tax recovered	1,329	235
<b>Net cash generated from / (used in) operating activities</b>	<b>343</b>	<b>(3,427)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(55)
Purchase of tangible fixed assets	(328)	(1,085)
Sale of tangible fixed assets	-	12
<b>Net cash used in investing activities</b>	<b>(328)</b>	<b>(1,128)</b>
<b>Cash flows from financing activities</b>		
Repayment of new finance leases	92	324
<b>Net cash generated from financing activities</b>	<b>92</b>	<b>324</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>107</b>	<b>(4,231)</b>
Cash and cash equivalents at beginning of year	803	5,034
<b>Cash and cash equivalents at the end of year</b>	<b>910</b>	<b>803</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	910	803
	<b>910</b>	<b>803</b>

The notes on pages 22 to 46 form part of these financial statements.

# INTECHNOLOGY PLC

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(21,031)	(8,206)
<b>Adjustments for:</b>		
Impairment of investments	-	755
Depreciation of tangible assets	110	205
Loss on disposal of tangible assets	-	(1)
Decrease in stocks	-	404
Decrease/(increase) in debtors	16,735	(1,702)
Increase in creditors	3,786	4,272
<b>Net cash used in operating activities</b>	<u>(400)</u>	<u>(4,273)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(20)	-
Sale of tangible fixed assets	-	12
<b>Net cash (used in) / generated from investing activities</b>	<u>(20)</u>	<u>12</u>
<b>Net decrease in cash and cash equivalents</b>	(420)	(4,261)
Cash and cash equivalents at beginning of year	561	4,822
<b>Cash and cash equivalents at the end of year</b>	<u><u>141</u></u>	<u><u>561</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	141	561
	<u><u>141</u></u>	<u><u>561</u></u>

The notes on pages 22 to 46 form part of these financial statements.



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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

InTechnology plc provides services to the Digital Healthcare sector, telecoms sectors and Wi-Fi services to towns and cities.

The Company is an unlisted public company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is Cardale House, Cardale Court, Beckwith Head Road, Harrogate, North Yorkshire HG3 1RY.

The registered number of the Company is 03916586.

#### 2. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU), and those parts of the Companies Act 2006 applicable to those reporting under IFRS. The financial statements have been prepared under the historical cost convention. The financial statements are prepared on the going concern basis, which takes into account a written undertaking from Peter Wilkinson to provide the Group with working capital.

The financial statements are stated in sterling, which is the Group's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

The Company has elected not to present a Company Profit & Loss Account in accordance with the exemption under section 408 of the Companies Act 2006. A Summary of the more important accounting policies is set out below:

##### 2.2 Estimates

##### Accounting estimates and judgements

The preparation of the Group's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses.

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly. The list below sets out those items we consider particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy:

- (i) Impairment assessment of intangible assets (set out in policy 2.5 and note 13)
- (ii) Impairment assessment of investments (set out in policy 2.7 and note 15)
- (iii) Provision for impairment of trade receivables (set out in policy 2.9 and note 17)

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### Standards in issue not yet effective

Minor clarifications to existing guidance on a number of standards became effective for the reporting period beginning on 1 April 2017. The principle clarifications are to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses relating to recognition of deferred tax when an asset's fair value is below its tax base, IAS 7, Statement of Cash Flows, relating to additional disclosure of the movements in liabilities arising from financing activities, and IFRS 12, Disclosure of Interest In Other Entities, clarifying existing guidance. The amendments do not have any impact on the Group's financial statements.

The IASB has issued four new standards which are not yet effective and have not been adopted early by the Group.

- (i) IFRS 9, Financial Instruments
- (ii) IFRS 15, Revenue from Contracts with Customers
- (iii) IFRS 16, Leases
- (iv) IFRS 17, Insurance Contracts

The group is currently in the process of assessing the impact of adoption of these new standards.

The IASB has issued a number of amendments to standards which are not yet effective and have not been adopted early by the Group.

- IAS 28 Investments in Associates
- IAS 40, Investment Property
- IFRS 2, Classification and Measurement of Share-Based Payment Transactions
- IFRS 12, Disclosure of Interest in Other Entities

The amendments to IAS 28 and IFRS 12 have been endorsed by the EU. The amendments to IAS 40 and IFRS 2 have not been endorsed by the EU. The amendments are not expected to have a material impact on the financial statements of the Group.

#### 2.3 Group Financial Statements

##### Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the Group's share of identifiable net assets acquired is recorded as goodwill.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with the equity owners of the Group.

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share capital acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non - controlling interests are also recorded in equity.

**Associates**

Associated undertakings are those companies in which the Group has a beneficial interest of between 20% and 50% in the equity capital and where the Group exercises significant influence over commercial and financial policy decisions.

The consolidated statement of comprehensive income includes the Group's shares of post-acquisition profits or losses after tax and the Group's share of other recognised gains or losses, and the Balance sheet includes the Group's share of the net assets of associated undertakings.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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**2.5 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 25%
Plant and machinery	- 25%
Motor vehicles	- 25%
Fixtures and fittings	- 25%
Office equipment	- 25%
Computer equipment	- 25%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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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.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.9 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.

**2.10 Impairment of non financial assets**

The Group assesses at each year end whether an asset may be impaired.

If any evidence exists of impairment, the estimated recoverable amount is compared to the carrying value of the asset and an impairment loss is recognised where appropriate.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In addition to this, goodwill is tested for impairment at least annually.

**2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2.12 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2.13 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.

**2.14 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

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.

**2.15 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.

**2.16 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2.17 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.

**2.18 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 Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**2.19 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.20 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**2.21 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 reporting 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 Statement of Financial Position 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 reporting date.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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reporting date.

**3. Financial Risk Management**

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, liquidity risk and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Executive Operating Boards.

Detailed financial risk management is then delegated to the Group Finance department which has a specific policy to manage financial risk. Regular reports are received to enable prompt identification of financial risks so that appropriate action may be taken.

**Currency risk**

The Group purchases internationally and has exposure to currency risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group uses foreign currency bank balances to manage its foreign exchange risk arising from future commercial transactions, recognised assets and liabilities.

The Group was not exposed to significant currency risk in 2018 or 2017.

**Interest rate risk**

The Group has interest bearing liabilities. Had interest rates moved by 10 basis points, post tax losses would have moved by £152,000 (2017: £5,000).

**Liquidity risk**

On a regular basis, management monitors forecasts of the Group's cash flows against internal targets to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times.

Surplus cash held by the Group over and above the balance required for working capital management are placed on interest bearing deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the Group's cash flow forecasts.

**Credit risk**

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high-credit quality financial institutions.

## INTECHNOLOGY PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 4. Segmental analysis

The main business segments of the Group are Digital Healthcare, Wi-Fi services, Telecom services and other services, and these are the operating segments for which management information is presented to the Groups Executive Operating Board, which is deemed to be the Group's chief operating decision maker.

The Group's Operating Board monitors the operating results of the operating segments separately for the purposes of resource allocation and assessing performance. Segment performance is evaluated based on operating profit or loss which is measured in a manner consistent with that of the consolidated financial statements.

The group trades by way of operating subsidiaries encompassing its main business segments. The group does not operate separate trade debtor and creditor accounting ledger and cash account. For this reason, a measure of segment assets and liabilities for operating segments is not provided to the Group's chief operating decision maker and is therefore not disclosed under IFRS 8.

	Digital Healthcare		Wi-Fi Services		Telecom Services		Other Services		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Statement of comprehensive income										
Revenue	2,913	5,705	357	144	2,539	2,174	184	122	5,993	8,145
Expenses	(2,720)	(7,757)	(3,108)	(4,471)	(4,042)	(5,181)	(625)	(885)	(10,495)	(18,294)
Operating profit/(loss)	193	(2,052)	(2,751)	(4,327)	(1,503)	(3,007)	(441)	(763)	(4,502)	(10,149)
Finance Income	-	-	-	-	-	-	2	10	2	10
Finance costs	-	-	(38)	(27)	(11)	(23)	(1,479)	-	(1,528)	(50)
Profit/(Loss) before taxation	193	(2,052)	(2,789)	(4,354)	(1,514)	(3,030)	(1,918)	(753)	(6,028)	(10,189)
Taxation	311	395	-	-	909	220	-	15	1,220	630
Profit/(Loss) for the year	504	(1,657)	(2,789)	(4,354)	(605)	(2,810)	(1,918)	(738)	(4,808)	(9,559)

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 5. Turnover

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	3,488	6,030
Rest of Europe	428	419
Rest of the world	2,077	1,696
<b>Total credit for the year</b>	<b><u>5,993</u></b>	<b><u>8,145</u></b>

#### 6. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets - held under finance leases	66	193
Depreciation of tangible fixed assets	540	440
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	67	59
Profit on foreign currency translation	(200)	(402)
Other operating lease rentals	222	207
Defined contribution pension cost	<b><u>90</u></b>	<b><u>100</u></b>

#### 7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts and subsidiary accounts	67	59

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# INTECHNOLOGY PLC

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 8. Employees

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

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Wages and salaries	<b>2,903</b>	<b>3,700</b>	<b>1,015</b>	<b>1,060</b>
Social security costs	<b>369</b>	<b>447</b>	<b>146</b>	<b>152</b>
Cost of defined contribution scheme	<b>90</b>	<b>100</b>	<b>27</b>	<b>24</b>
	<b><u>3,362</u></b>	<b><u>4,247</u></b>	<b><u>1,188</u></b>	<b><u>1,236</u></b>

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

	<b>Group 2018 No.</b>	<b>Group 2017 No.</b>	<b>Company 2018 No.</b>	<b>Company 2017 No.</b>
Admin	<b>25</b>	<b>28</b>	<b>15</b>	<b>16</b>
Sales and marketing	<b>9</b>	<b>15</b>	<b>-</b>	<b>-</b>
Technical	<b>53</b>	<b>55</b>	<b>-</b>	<b>-</b>
Operations	<b>14</b>	<b>13</b>	<b>-</b>	<b>-</b>
	<b><u>101</u></b>	<b><u>111</u></b>	<b><u>15</u></b>	<b><u>16</u></b>

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	816	894
Company contributions to defined contribution pension schemes	12	14
	<u>828</u>	<u>908</u>

During the year retirement benefits were accruing to 2 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £272,000 (2017 - £276,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,000 (2017 - £2,000).

During the year no directors received shares under a long term incentive schemes (2017 - none)

#### 10. Interest receivable and similar income

	2018 £000	2017 £000
Other interest receivable	2	10
	<u>2</u>	<u>10</u>

#### 11. Interest payable and similar expenses

	2018 £000	2017 £000
Other loan interest and bank interest payable	1,490	23
Finance leases and hire purchase contracts	38	27
	<u>1,528</u>	<u>50</u>

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**INTECHNOLOGY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**12. Tax on loss**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Corporation tax</b>		
Current tax credit on losses for the year	(1,220)	(630)
	<u>(1,220)</u>	<u>(630)</u>
<b>Total current tax</b>	<b>(1,220)</b>	<b>(630)</b>
<b>Deferred tax</b>	-	-
	<u>                    </u>	<u>                    </u>
<b>Taxation on loss on ordinary activities</b>	<u><b>(1,220)</b></u>	<u><b>(630)</b></u>
<b>Factors affecting tax credit for the year</b>		
The tax assessed for the year is lower than (2017 – <i>higher than</i> ) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:		
	<b>2018 £000</b>	<b>2017 £000</b>
Loss on ordinary activities before tax	<u><b>(6,028)</b></u>	<u><b>(10,189)</b></u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	<b>(1,145)</b>	<b>(2,038)</b>
<b>Effects of:</b>		
Unrelieved tax losses carried forward	<u><b>(75)</b></u>	<u><b>1,408</b></u>
<b>Total tax credit for the year</b>	<u><b>(1,220)</b></u>	<u><b>(630)</b></u>

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 13. Intangible assets

##### Group and Company

	Goodwill £000
<b>Cost</b>	
At 1 April 2017	13,303
At 31 March 2018	<u>13,303</u>
<b>Accumulated Amortisation</b>	
At 1 April 2017	6,577
At 31 March 2018	<u>6,577</u>
<b>Net book value</b>	
At 31 March 2018	<u><u>6,726</u></u>
At 31 March 2017	<u><u>6,726</u></u>

**INTECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**14. Tangible fixed assets**

**Group**

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2017	297	1,967	383	179	11	397	3,234
Additions	-	308	-	-	12	8	328
At 31 March 2018	297	2,275	383	179	23	405	3,562
<b>Accumulated Depreciation</b>							
At 1 April 2017	192	638	363	168	11	375	1,747
Charge for the year	60	490	17	11	2	26	606
At 31 March 2018	252	1,128	380	179	13	401	2,353
<b>Net book value</b>							
At 31 March 2018	45	1,147	3	-	10	4	1,209
At 31 March 2017	105	1,329	20	11	-	22	1,487

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

	2018 £000	2017 £000
Short leasehold improvements	45	105



**INTECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**14. Tangible assets (continued)**

**Company**

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2017	297	8	370	179	11	397	1,262
Additions	-	-	-	-	12	8	20
At 31 March 2018	297	8	370	179	23	405	1,282
<b>Accumulated Depreciation</b>							
At 1 April 2017	192	2	359	168	11	375	1,107
Charge for the year	60	-	11	11	2	26	110
At 31 March 2018	252	2	370	179	13	401	1,217
<b>Net book value</b>							
<b>Net book value</b>							
At 31 March 2018	45	6	-	-	10	4	65
At 31 March 2017	105	6	11	11	-	22	155

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

	2018 £000	2017 £000
Short term leasehold improvements	45	105

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 15. Fixed asset investments

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
InTechnology Wi-Fi Limited	Ordinary	94.30%	Wi-Fi Services
Inhealthcare Limited	Ordinary	93.00%	Digital health services
Mobile Tornado Group plc	Ordinary	42.5%	Telecoms
Live PA Limited	Ordinary	76.0%	Dormant
EEscape Holdings Limited	Ordinary	100.0%	Dormant
Evoxus Limited	Ordinary	100.0%	Dormant
Call-Link Communications Limited	Ordinary	100.0%	Dormant
Allasso Limited	Ordinary	100.0%	Dormant
Holf Technologies Limited	Ordinary	100.0%	Dormant
VData Limited	Ordinary	100.0%	Dormant
Integrated Technology (Europe) Limited	Ordinary	100.0%	Dormant
Smart Wi-Fi Limited	Ordinary	100.0%	Dormant
Smart Stadiums Limited	Ordinary	100.0%	Dormant
Smart W-Fi Limited	Ordinary	100.0%	Dormant

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 15. Fixed Asset investments (continued)

##### Company

##### Investments in subsidiary companies £000

##### Cost or valuation

At 1 April 2017	15,920
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At 31 March 2018	<u>15,920</u>
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##### Net book value

At 31 March 2018	<u><u>15,920</u></u>
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At 31 March 2017	<u><u>15,920</u></u>
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Investments in Group undertakings are stated at cost. As permitted by section 615 of the Companies Act 2006, where the relief afforded under sections 612 and 613 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of principal subsidiary undertakings is given above.

As the overall group has not yet achieved sustainable profitability nor generates positive cash flows any adverse variance from the forecasts can be offset by a sale of the whole or a part interest in any of the three subsidiaries to make up the shortfall and enable the group to meet its liabilities as they fall due. Such contingency plans are already in place.

# INTECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 16. Stocks

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Finished goods and goods for resale	113	-	-	-
	<u>113</u>	<u>-</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 17. Debtors

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	2,911	19,429
Deferred tax asset	521	521	555	555
<b>Due within one year</b>				
Trade debtors	2,145	1,483	187	738
Other debtors	1,714	1,323	1,369	553
Called up share capital not paid	22	-	-	-
Prepayments and accrued income	63	900	2,125	2,607
Tax recoverable	684	793	-	-
	<u>5,149</u>	<u>5,020</u>	<u>7,147</u>	<u>23,882</u>

### 18. Cash at bank and in hand

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Cash at bank and in hand	910	803	141	561
	<u>910</u>	<u>803</u>	<u>141</u>	<u>561</u>

# INTECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 19. Creditors: Amounts falling due within one year

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Trade creditors	2,403	5,109	117	4,030
Other taxation and social security	90	162	90	105
Obligations under finance lease and hire purchase contracts	348	187	-	-
Other creditors	473	454	376	260
Accruals and deferred income	590	871	389	500
	<u>3,904</u>	<u>6,783</u>	<u>972</u>	<u>4,895</u>

### 20. Creditors: Amounts falling due after more than one year

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Net obligations under finance leases and hire purchase contracts	163	232	-	-
Amounts owed to group undertakings	-	-	9,620	8,827
Other creditors	15,616	7,789	9,857	2,941
	<u>15,779</u>	<u>8,021</u>	<u>19,477</u>	<u>11,768</u>

### 21. Hire purchase and finance leases

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>
Within one year	348	187
Between 1-2 years	108	108
Between 2-5 years	55	125
	<u>511</u>	<u>420</u>

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**INTECHNOLOGY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**22. Financial instruments**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<b>4,791</b>	3,609	<b>4,608</b>	21,281
	<u><b>4,791</b></u>	<u>3,609</u>	<u><b>4,608</b></u>	<u>21,281</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost			<b>(16,301)</b>	(14,705)
			<u><b>(16,301)</b></u>	<u>(14,705)</u>

**23. Deferred taxation**

	<b>Group 2018 £000</b>	<i>Company 2018 £000</i>
<b>At the beginning and at the end of year</b>	<u><b>521</b></u>	<u>555</u>

The Group deferred tax asset is made up of losses and other deductions.

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 24. Called up Share capital

Group and Company	2018 £000	2017 £000
<b>Authorised</b>		
252,000,000- Ordinary shares of £0.01 each	<u>2,520</u>	<u>2,520</u>
<b>Allotted, called up and fully paid</b>		
194,282,592- Ordinary shares of £0.01 each	<u>1,943</u>	<u>1,943</u>

#### 25. Reserves

##### Profit and loss account

Movements on the Profit and loss account are shown within the consolidated statement of changes in equity on page 18.

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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 26. 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 £90,000 (2017 - £100,000). Contributions totalling £30,000 (2017 - £12,000) were payable to the fund at the reporting date

#### 27. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Not later than 1 year	<b>196</b>	<b>215</b>	<b>189</b>	<b>185</b>
Later than 1 year and not later than 5 years	<b>523</b>	<b>699</b>	<b>508</b>	<b>692</b>
	<b><u>719</u></b>	<b><u>914</u></b>	<b><u>697</u></b>	<b><u>877</u></b>

#### 28. Finance lease commitments

There were no commitments existing at the reporting date in respect of finance leases entered into but whose inception occurs after the reporting date.

#### 29. Directors' personal guarantees

Peter Wilkinson has given a written undertaking to provide the company with working capital as required.



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## INTECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 30. Related party transactions

Peter Wilkinson and Andrew Kaberry are shareholders in Mobile Tornado Group plc, an AIM listed company in which InTechnology plc owns 42.5% (2017 : 51.2%) of the issued ordinary share capital and all the issued cumulative redeemable non-voting preference shares. Peter Wilkinson is non-executive director. InTechnology plc agreed to extend the redemption date of the preference shares from December 2018 to December 2020. InTechnology plc sold services totalling £120,000 (2017: £120,000) to Mobile Tornado Group plc in the year. As at 31 March 2018 InTechnology plc was owed £2,660,000 (2017: £2,540,000) by Mobile Tornado Group plc.

On 12 January 2018 MT placed 27 million ordinary shares giving gross cash proceeds of £1.350 million required for its working capital requirements. This resulted in our investment to reduce to 42.5 per cent of the enlarged share capital. On 12 June 2018 at MT's AGM resolutions were passed allowing a further issue of 50.8 million ordinary shares to be issued to InTechnology for a debt reduction consideration of £2.54 million. This share issue takes our investment to 51 per cent of the increased MT share capital.

Peter Wilkinson is a shareholder of Holf Investments Limited which is incorporated in the United Kingdom. InTechnology Wi-Fi Limited purchased fixed assets totalling £49,000 (2017: £336,000) under separate finance leases.

All transactions with related parties were carried out on an arm's length basis.

#### 31. Controlling party

The Directors consider Peter Wilkinson to be the ultimate controlling party by virtue of his personal shareholdings in the company and via Holf Investments Limited.

#### 32. Post balance sheet event

At the Annual General Meeting held on 31 January 2018 special resolutions 5 & 6 were passed authorising the board to issue up to 50 million ordinary shares. On 8 August 2018 the board unanimously agreed to issue to Peter Wilkinson of 50 million ordinary shares in consideration for unpaid interest and fees accruing from loans made to the company. After this share issue Peter Wilkinson owns 65 per cent of the company, previously 56 per cent.