COMPANY REGISTRATION NUMBER 06000234

COMPUTARIS INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

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Company registration number	06000234
The board of directors	R M Rusu S S Rekhi
Registered office	11 Queens Road Brentwood Essex CM14 4HE United Kingdom
Current auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ United Kingdom
Bankers	National Westminster Brentwood 46 High Street Brentwood Essex CM14 4AN
Solicitors	Blake Lapthorn Watchmaker Court 33 St John's Lane London EC1M 4DB

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

DIVIDENDS
The directors do not recommend the payment of any dividend (2018 - €Nil).

FUTURE DEVELOPMENTS
Details of future developments can be found in the Strategic Report on page 5.

EVENTS AFTER THE BALANCE SHEET DATE
There are no significant events since the balance sheet date.

DIRECTORS
The directors set out in the table below have held office during the whole of this year from 1 January 2019 to the date of this report unless otherwise stated.

R M Rusu
S S Rekhi

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

Details of risk management policies used by the group can be found in note 14 to the financial statements.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS
The group's policy is to settle supplier accounts within 40 days of the invoice date.

GOING CONCERN
The Company and the Group's business activities, together with factors likely to affect its future development and its financial position, are described in the Strategic Report on page 5, along with its financial risk management policy and details of its exposure to risk.

The Group's financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

INDEPENDENT AUDITOR
Deloitte LLP are not seeking reappointment as independent auditors to the Group and a resolution to appoint new independent auditors in their place will be proposed at the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITOR

Each person who is a director at the date of approval of this report confirm that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

DIRECTORS' INDEMNITY

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Approved by the board on ......6th Febr. 2020...... and signed on its behalf by

....

R M Rusu
Director

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

The purpose of the strategic report is to inform members of the company and help them assess how the directors have performed their duty under s172 (duty to promote success of the company).

PRINCIPAL ACTIVITY

The Group's principal activity continues to be providers of real time communication software solutions and associated services. The directors are not aware, at the date of this report, of any likely major changes in the Group's principal activities in the next year.

REVIEW OF THE BUSINESS

The results for the year are set out on page 11. The following financial analysis includes an exceptional item of circa €784k included in administration expenses in the 2018 comparatives, relating to the reversal of a contract provision. Details of this are set out in note 4 to the financial statements.

The Group has seen an increase in turnover in 2019 of 13%, and due to economies of scale with regards to human resources together with the negotiation of increased prices on several projects the gross profit margin percentage has increased from 32% to 36.3%. The increase in turnover and the gross profit margin percentage improvement has resulted in a profit of €1.2m (2018: €1.1m) and a net profit before tax percentage of 8.3% (2018: 8.8%). The continued profitability was achieved despite an increase in administration expenses (largely driven by the one-off release described above). Although trading conditions remain difficult in a highly competitive market the directors are confident of continued profitability. The directors believe adequate resources are available to take advantage of business opportunities and consider, in the current economic climate, the Group's state of affairs to be satisfactory.

The Group operates geographically through subsidiaries in Romania, Poland, Moldova, Malaysia and Philippines. The subsidiary established last year in Switzerland had not commenced to trade by the year end but, with further investment made, it is the Group's intention to take advantage of opportunities that may arise. The Polish subsidiary incurred a loss of €(977)k in 2018 which specifically related to provisions on projects with a particular customer, however this was carefully controlled, resulting in a return to profit of €140k in 2019. The Romanian subsidiary had another successful year in 2019 due to continuing to grow its client base and increasing turnover to 3rd parties from €3m in 2018 to over €7m in 2019. The Philippines subsidiary currently operates at low levels in respect of providing services to customers outside the Group but continue to support the UK parent. The subsidiaries in Moldova and Malaysia have also commenced in 2019 to provide services to customers outside the Group, however as with the Philippines subsidiary both are currently small operations.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is integrated into the process of planning and performance measurement and involves members of management of R Systems International Limited, the parent company. The principal risks identified including currency, market, credit and liquidity are disclosed in Note 14.

The terms and impact of the UK's departure from the European Union ("Brexit") remains uncertain and hard to predict. However, the company has considered the potential impact on the business and analyzed the "worst case" scenario of a hard deal Brexit and in such case the company believes that the impact will not be significant due to the fact that very few of the Group's economic activities are carried out in the UK. For the software services delivered by the group subsidiaries (Poland, Romania, Moldova) to UK, the fiscal treatment is likely to remain unchanged. Some changes might apply to taxes related to payments of dividends from subsidiaries (Romania and Poland) to the UK.

FUTURE DEVELOPMENTS

The Directors consider that the forthcoming financial year will continue to present challenging trading conditions with increased competition and tighter margins. Nevertheless, there are good prospects for the Group and the aim is to continue to implement the management policies which have been introduced in recent years and which have assisted in successfully overcoming the difficulties and uncertainties in the market place.

KEY PERFORMANCE INDICATORS

The Directors monitor the group's performance by reviewing revenue and profit on project by project and overall country basis. The revenue and profit for the year ended 31 December 2019 is set out on page 11. The Directors monitor the current order book and potential pipeline to plan for the future resource requirements of the Group.

Approved by the board on ....6th Febr. 2020.... and signed on its behalf by

....

R M Rusu
Director

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUTARIS INTERNATIONAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Computaris International Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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

Peter McDermott, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 February 2020

COMPUTARIS INTERNATIONAL LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.2019 €	31.12.2018 €
Revenue	3	**14,574,037**	12,893,851
Cost of sales		**(9,280,320)**	(8,761,759)
GROSS PROFIT		**5,293,717**	4,132,092
Other operating income		**2,607**	20,995
Administrative expenses		**(4,044,430)**	(3,021,690)
OPERATING PROFIT	4	**1,251,894**	1,131,397
Finance income – interest income	7	**3,940**	990
Finance costs	8	**(39,449)**	-
PROFIT BEFORE TAX		**1,216,385**	1,132,387
Income tax expense	9	**(122,568)**	(196,854)
PROFIT FOR THE YEAR		**1,093,817**	935,533

All results derive from continuing operations.

The notes on pages 19 to 50 form part of these financial statements.

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

	31.12.2019 €	31.12.2018 €
PROFIT FOR THE YEAR	**1,093,817**	935,533
OTHER COMPREHENSIVE (LOSS)/INCOME		
Exchange differences on translation of foreign operations	**(21,384)**	70,791
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF INCOME TAX	**(21,384)**	70,791
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,072,433**	1,006,324

The notes on pages 19 to 50 form part of these financial statements.

COMPUTARIS INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to equity holders of the company	Issued share capital €	Other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2019	747	597,732	4,096,219	4,694,698
Initial application of IFRS 16	-	-	(33,378)	(33,378)
Balance at 1 January 2019 (Restated)	747	597,732	4,062,841	4,661,320
Currency translation differences	-	(21,384)	-	(21,384)
Transfer (from)/to retained earnings	-	(42,199)	42,199	-
Total profit for the year recognised directly in equity	-	(63,583)	42,199	(21,384)
Profit for the year	-	-	1,093,817	1,093,817
Total recognised loss for the year	-	(63,583)	1,136,016	1,072,433
Balance at 31 December 2019	747	534,149	5,198,857	5,733,753

Attributable to equity holders of the company	Issued share capital €	Other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2018	747	1,194,087	2,493,540	3,688,374
Currency translation differences	-	70,791	-	70,791
Transfer to/(from) retained earnings	-	(667,146)	667,146	-
Total loss for the year recognised directly in equity	-	(596,355)	667,146	70,791
Loss for the year	-	-	935,533	935,533
Total recognised loss for the year	-	(596,355)	1,602,679	1,006,324
Balance at 31 December 2018	747	597,732	4,096,219	4,694,698

The notes on pages 19 to 50 form part of these financial statements.

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

Attributable to equity holders of the company	Issued share capital €	Other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2019	747	168	2,966,391	2,967,306
Profit for the year	-	-	100,400	100,400
Total recognised loss for the year	-	-	100,400	100,400
Balance at 31 December 2019	747	168	3,066,791	3,067,706

Attributable to equity holders of the company	Issued share capital €	Other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2018	747	168	2,984,804	2,985,719
Loss for the year	-	-	(18,413)	(18,413)
Total recognised loss for the year	-	-	(18,413)	(18,413)
Balance at 31 December 2018	747	168	2,966,391	2,967,306

The notes on pages 19 to 50 form part of these financial statements.

COMPUTARIS INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 €	31.12.2018 €
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	**307,249**	325,610
Intangible assets	12	**4,457**	38,112
Right-of-use assets	24	**920,888**	-
Deferred tax assets	22	**49,852**	-
		1,282,446	363,722
CURRENT ASSETS			
Inventories	16	**12,681**	13,155
Tax recoverables		**56,450**	31,418
Trade and other receivables	17	**4,512,278**	4,187,539
Prepayments	18	**194,860**	159,005
Cash and cash equivalents	19	**2,611,993**	1,807,599
		7,388,262	6,198,716
TOTAL ASSETS		**8,670,708**	6,562,438
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	20	**747**	747
Other Reserves	21	**534,149**	597,732
Retained profits		**5,198,857**	4,096,219
TOTAL EQUITY		**5,733,753**	4,694,698
NON-CURRENT LIABILITIES			
Deferred tax	22	**12,500**	3,142
Lease liabilities	25	**629,741**	-
		642,241	3,142
CURRENT LIABILITIES			
Deferred income		**520,598**	465,333
Tax payables		**64,095**	139,741
Trade and other payables	23	**1,394,805**	1,259,524
Lease liabilities	25	**315,216**	-
		2,294,714	1,864,598
TOTAL EQUITY AND LIABILITIES		**8,670,708**	6,562,438

Approved by the Board and authorised for issue on 6th Febr. 2020 and signed on its behalf by

R M Rusu, Director

Company registration number: 06000234

The notes on pages 19 to 50 form part of these financial statements.

COMPUTARIS INTERNATIONAL LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 €	31.12.2018 €
ASSETS			
NON CURRENT ASSETS			
Investments	13	**1,321,437**	222,937
Deferred tax assets	22	**13,686**	-
		1,335,123	222,937
CURRENT ASSETS			
Tax recoverables		-	-
Trade and other receivables	17	**1,453,854**	3,520,277
Prepayments	18	**81,226**	110,717
Cash and cash equivalents	19	**1,167,266**	941,414
		2,702,346	4,572,408
TOTAL ASSETS		**4,037,469**	4,795,345
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	20	**747**	747
Other Reserves	21	**168**	168
Retained profits		**3,066,792**	2,966,391
TOTAL EQUITY		**3,067,707**	2,967,306
CURRENT LIABILITIES			
Deferred income		**191,853**	368,143
Tax payables		-	-
Trade and other payables	23	**777,909**	1,459,896
		969,762	1,828,039
TOTAL EQUITY AND LIABILITIES		**4,037,469**	4,795,345

The Company reported a profit for the financial year ended 31 December 2019 of €100,401 (2018: loss of €18,413)

Approved by the Board and authorised for issued on 6th Febr. 2020 and signed on its behalf by

R M Rusu, Director

Company registration number: 06000234

The notes on pages 19 to 50 form part of these financial statements.

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

	31.12.2019	31.12.2018
CASH FLOWS FROM OPERATING ACTIVITIES	**€**	€
Profit for the year	**1,093,817**	935,533
ADJUSTMENTS TO RECONCILE TO PROFIT FROM OPERATIONS		
Finance income	**(3,940)**	(990)
Finance costs	**39,449**	-
	1,129,326	934,543
NON-CASH ADJUSTMENTS		
Depreciation property, plant & equipment	**154,307**	178,070
Depreciation of rights-of-use assets	**346,278**	-
Amortisation of other intangible non-current assets	**45,542**	189,682
Net book value of property, plant & equipment written off	**14,053**	-
Net book value of intangible assets written off	**83,031**	-
Profit on disposal of fixed assets	**(2,126)**	(2,897)
Recognition of deferred tax asset/liability (net)	**(37,244)**	77,572
	603,841	442,427
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	**1,733,167**	1,376,970
INCREASE IN WORKING CAPITAL		
Decrease/(Increase) in inventories	**474**	(2,804)
Increase in trade and other receivables	**(324,739)**	(370,191)
Increase in prepayments	**(35,855)**	(75,093)
Decrease in trade and other payables	**(10,077)**	(816,534)
Increase/(Decrease) in deferred income	**55,265**	(204,927)
Increase/(Decrease) in accruals	**145,355**	(385,343)
Increase in tax payable	**158,794**	119,282
	(10,779)	(1,735,610)
CASH FROM/(USED) IN OPERATIONS	**1,722,388**	(358,640)
Income taxes paid	**(259,472)**	(19,609)
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	**1,462,916**	(378,249)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	**(155,512)**	(241,670)
Payments to acquire intangible assets	**(95,634)**	(79,498)
Proceeds from sale of fixed assets	**2,126**	14,323
Interest received, classified as investing	**3,940**	990
	(245,080)	(305,855)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	**(3,285)**	-
Repayment of lease liabilities	**(399,387)**	-
	(402,672)	-
NET CASH FLOWS	**815,163**	(684,104)
Cash and cash equivalents as at 1 January	**1,807,599**	2,428,020
Net foreign exchange difference	**(10,769)**	63,683
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**2,611,993**	1,807,599

The notes on pages 19 to 50 form part of these financial statements.

COMPUTARIS INTERNATIONAL LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.2019 €	31.12.2018 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating Profit/(Loss)	**100,401**	(18,413)
ADJUSTMENTS TO RECONCILE TO PROFIT FROM OPERATIONS		
Interest income	**(7,246)**	(4,954)
Dividend income	**-**	(103,215)
	93,155	(126,582)
NON-CASH ADJUSTMENTS		
Amortisation of other intangible non-current assets	**-**	111,042
Recognition of deferred tax asset	**(13,686)**	-
	(13,686)	111,042
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	**79,469**	(15,540)
INCREASE IN WORKING CAPITAL		
Decrease/(Increase) in trade and other receivables	**2,066,423**	(731,647)
Decrease/(Increase) in prepayments	**29,491**	(63,472)
(Decrease)/Increase in trade and other payables	**(619,744)**	357,979
Decrease in deferred income	**(176,290)**	(97,824)
(Decrease)/Increase in accruals	**(62,243)**	310,241
Decrease in tax payable	**-**	-
	1,237,637	(224,723)
CASH USED IN OPERATIONS	**1,317,106**	(240,263)
Income taxes received/(paid)	**-**	44,996
NET CASH USED IN OPERATING ACTIVITIES	**1,317,106**	(195,267)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received, classified as investing	**7,246**	4,954
Increase in investment in subsidiaries	**(1,098,500)**	(17,087)
Disposal of investment in subsidiary	**-**	78
Dividend received	**-**	103,215
	(1,091,254)	91,160
NET CASH FLOWS	**225,852**	(104,107)
Cash and cash equivalents as at 1 January	**941,414**	1,045,521
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**1,167,266**	941,414

The notes on pages 19 to 50 form part of these financial statements.

1. STATEMENT OF COMPLIANCE WITH IFRS

Computaris International Limited is a private company limited by shares incorporated in the United Kingdom under the companies Act 2006 and registered in England & Wales.

The address of the registered office is 11 Queens Road, Brentwood, Essex, CM14 4HE United Kingdom.

Basis of preparation
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

The group's financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted by the group are set out in note 2.

Going concern
The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current cash reserves and as such have prepared the accounts on a going concern basis.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. ACCOUNTING POLICIES

Basis of consolidation
The results of operations of subsidiary undertakings are included in the consolidated financial statements as from the date of acquisition, which is the date on which control of the acquired subsidiary is effectively transferred to the buyer. The results of operations of subsidiary undertakings disposed of are included in the consolidated income statement until the date of disposal which is the date on which the parent ceases to have control of the subsidiary undertaking. Intragroup balances and intragroup transactions and resulting unrealised profits are eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost can be recovered.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2. ACCOUNTING POLICIES (continued)

Revenue recognition
The Group recognises revenue from the following major sources:

- Client software solution
- Maintenance and support

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Client software solution
The Group undertakes the provision and installation of various real time software products in the communication industry. These are contracted on a fixed-price or time and material based contracts. Such services are recognised as a performance obligation satisfied over time since they are bespoke to customer's requirements. The services cannot be separated into distinct performance obligations. Revenue for time and material based contract is recognised based on time incurred for providing the services. Revenue for fixed-price contract is recognised for these services based on the stage of completion of the contract, using the input method. The Directors have assessed that the stage of completion determined as the proportion of the total time expected to provide the product that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15.

Maintenance and support
Maintenance and support revenue is made up of fixed payments of certain levels for support made available for customers. This is normally a single performance obligation which is consumed by customer as it is provided. The maintenance and support revenue is therefore generally recognised on a straight-line basis over the period of the contract.

Interest income
Interest income is accrued on a time basis and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest expense recognition
Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Foreign currency exchange
The Group's financial statements are prepared in Euros which is also the parent company's functional currency. The exchange rate used in retranslating Pounds Sterling and American Dollar assets and liabilities at the financial position date was 0.850 (2018 – 0.898) and 1.121 (2018 – 1.144) respectively.

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

2. ACCOUNTING POLICIES (continued)

Foreign currency exchange (continued)

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except for items that are recognised directly in equity or in other comprehensive income.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following basis:

Leasehold property improvements	1 - 6 years
Property, Plant and equipment	2 - 5 years

2. ACCOUNTING POLICIES (continued)

Intangible assets

Non-internally generated intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

The carrying value of intangible assets are reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value may not be recoverable.

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value.

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

Software, licences etc;	1 - 3 years
Intellectual Property	3 years
Customer Contract	Over the period of respective customer contract

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

2. ACCOUNTING POLICIES (continued)

Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss (see Note 24).

2. ACCOUNTING POLICIES (continued)

Leases (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs comprise direct materials, and where applicable, purchase cost, cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs that have been incurred in bringing the inventories to their present location and condition and are determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects.

Legal and statutory reserve
The legal and statutory reserves are classified as equity. The legal and regulatory reserves are created and adjusted based on profit by transfer from retained earnings according to the local applicable laws and statutory regulations in the subsidiary jurisdictions.

Impairment

Financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and accrued income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and accrued income. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

(ii) Definition of default
The Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment (continued)

Financial assets (continued)

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Critical accounting judgments and key sources estimation uncertainty

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences, management expertise and other contributing factors, the results which form the basis of making judgments about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates.

Key sources of estimation uncertainty
Anticipated cost to complete revenue-generating projects
Project profitability is estimated at a project's inception based on the agreed contractual value and budgeted total costs. Profitability is then reviewed and reassessed on a regular basis by management, with adjustments made to budgeted costs if necessary. Amendments to estimated costs to complete a project can impact the amount of profit recognised in a given period.

Critical accounting judgments
There are no judgments that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described above in "Leases". The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

2. ACCOUNTING POLICIES (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Impact of Initial application of IFRS 16 Leases (continued)

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

2. ACCOUNTING POLICIES (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Impact of Initial application of IFRS 16 Leases (continued)

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

There are no finance leases in prior year and hence there are no impact on former finance leases upon adoption of IFRS 16.

2. ACCOUNTING POLICIES (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Impact of Initial application of IFRS 16 Leases (continued)

(d) Financial impact of initial application of IFRS 16.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 5.60%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on retained earnings as at 1 January 2019

	€
Operating lease commitments at 31 December 2018	822,303
Short-term leases and leases of low-value assets	(180,866)
Effect of discounting the above amounts	(38,731)
Lease liabilities recognised at 1 January 2019	602,706

The Group has recognised €563,975 of right-of-use assets and €602,706 of lease liabilities upon transition to IFRS 16. The difference of €38,731 is recognised in retained earnings €33,378 with €5,353 the related deferred tax adjustment.

The Company has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date of the amendments has yet to be determined
Amendments to IFRS 3 Definition of business	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of material	1 January 2020
Conceptual Framework Amendments to Reference to the Conceptual Framework in IFRS Standards	1 January 2020

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments should have no material impact on the financial statements of the Company in the year of initial application.

3. REVENUE

	31.12.2019 €	31.12.2018 €
Rendering of services	**14,574,037**	12,893,851

The group derives revenue from contracts with customers for the transfer of goods and services in the following major income streams.

Maintenance & Support	**3,902,192**	3,770,245
Consultancy & Fixed Price Projects	**10,671,845**	9,123,606
	14,574,03	12,893,851

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:		
Depreciation of property, plant and equipment	**154,307**	178,071
Depreciation of right-of-use assets	**346,278**	-
Amortisation of intangible assets	**45,542**	189,682
Net book value of property, plant & equipment written off	**14,053**	-
Net book value of intangible assets written off	**83,031**	-
Profit on disposal of fixed assets	**(2,126)**	(2,897)
Reversal of contract penalty provision (see below)	**-**	(784,321)
Net foreign currency differences	**(35,095)**	31,764
Included in cost of sales:		
Employee benefits expense	**5,341,197**	5,730,773
Included in administrative expenses:		
Employee benefits expense	**1,894,235**	1,492,378
Depreciation and amortisation	**546,127**	367,752
Net foreign currency exchange	**(35,095)**	31,764
Reversal of contract penalty provision (see below)	**-**	(784,321)
	2,405,267	1,107,573

Reversal of contract penalty provision

During the year ended 31 December 2012, the Company received a claim for a penalty from one of its customers and recorded a provision of €784,321 in respect of this claim. The Company had subcontracted a certain part of its scope of services to one of its vendors and on the basis of the contractual terms, has claimed an equivalent amount from the vendor. However, pending acceptance of the claim, the recoverable amount claimed from the vendor had not been recorded in previous financial statements and due to being time barred has now been removed without effect on the financial statements. The provision in respect of the penalty claim received from the customer has also been reversed in the year to 31 December 2018 due to being it time–barred. This result in a credit of €784,321, which has been included in administration expenses where the claim was originally expensed.

4. OPERATING PROFIT (continued)

Auditor's remuneration	**31.12.2019**	31.12.2018
Company	**€**	€
Audit of Financial Statements	**15,200**	18,636
Audit related services	**23,185**	20,563
Non-audit services	**-**	6,892
	38,385	46,091
Subsidiaries		
Audit of Financial Statements	**37,750**	9,000
Audit related services	**16,438**	27,661
Non-audit services	**-**	-
	54,188	36,661

5. EMPLOYEE EXPENSES

	31.12.2019	31.12.2018
	€	€
Wages and salaries	**6,918,215**	6,810,133
Other employee benefits	**-**	30,910
Social security costs	**317,217**	382,107
	7,235,432	7,223,150

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

	31.12.2019	31.12.2018
	No.	No.
Administration and management	**4**	5
Production	**199**	195
	203	200

Key management personnel compensation

Remuneration for directors included in staff costs above comprised:

	31.12.2019	31.12.2018
Receivable from subsidiaries:	**€**	€
Short-term employee benefits	**172,308**	172,129

6. DIRECTORS' REMUNERATION

	31.12.2019	31.12.2018
	€	€
Receivable from subsidiaries:		
Short-term employee benefits	**172,308**	172,129

7. FINANCE INCOME – INTEREST INCOME

	31.12.2019	31.12.2018
	€	€
Interest earned on bank deposits	**3,940**	990

8. FINANCE COSTS

	31.12.2019 €	31.12.2018 €
Interest on bank loans and overdrafts	3,285	-
Interest on right-of-use assets	36,164	-
	39,449	-

9. INCOME TAX

Components of income tax expense	31.12.2019 €	31.12.2018 €
Income tax expense		
Current income tax charge	158,636	141,050
(Over)/Under provision in respect of prior years	158	(21,768)
	158,794	119,282
Deferred tax		
Current deferred tax credit	49,529	26,238
(Over)/Under provision in respect of prior years	(85,755)	51,334
	(36,226)	77,572
Income tax expense reported in income statement	122,568	196,854

Reconciliation of income tax charge to accounting profit

	31.12.2019 €	31.12.2018 €
Profit/(loss) before tax	1,216,385	1,132,387
Tax at the domestic income tax rate of 19% (31.12.2018 - 19%)	231,113	215,154
Tax effect from (over)/under provisions in prior periods	158	(21,768)
Tax effect of deferred tax (over)/under provision in prior periods	(85,755)	51,334
Tax effect of rates in other jurisdictions	3,090	(11,149)
Tax effect of capital allowances	(30,272)	(33,452)
Income not subject to income tax	(14,383)	(112,013)
Tax effect of non-deductible expenses	29,310	234,054
Loss relief carried forward	-	11,639
Other relief	(9,162)	(6,889)
Deferred tax not recognised due to uncertainty	(1,531)	(130,056)
Tax expense using effective rate	122,568	196,854

Finance (No.2) Act 2015 which received royal assent on 18 November 2015 enacted a corporation tax rate of 19% from 1 April 2017 and a rate of 18% from 1 April 2020. A further change to reduce the rate of corporation tax to 17% from 1 April 2020 was announced in Finance Act 2016 and as this change was enacted on 15 September 2016 deferred tax has been calculated based on a rate of 17%.

10. PROFIT/(LOSS) OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent's profit for the financial year was €100,401 (2018: loss €18,413).

11. PROPERTY, PLANT AND EQUIPMENT

Group

At 31 December 2019	Leasehold Improvements €	Plant and equipment €	Total €
Cost			
At 1 January 2019	57,722	844,216	901,938
Additions	2,287	153,225	155,512
Disposals	-	(17,651)	(17,651)
Written off in year	-	(102,082)	(102,082)
Foreign currency exchange differences	(816)	(10,319)	(11,135)
At 31 December 2019	59,193	867,389	926,582
Depreciation			
At 1 January 2019	(17,649)	(558,679)	(576,328)
Charge for period	(13,782)	(140,525)	(154,307)
Elimination on disposals	-	17,651	17,651
Eliminated on items written off in year	-	88,029	88,029
Foreign currency exchange differences	137	5,485	5,622
At 31 December 2019	(31,294)	(588,039)	(619,333)
Net book value			
At 1 January 2019	40,073	285,537	325,610
At 31 December 2019	27,899	279,350	307,249

Group

At 31 December 2018	Leasehold Improvements €	Plant and equipment €	Total €
Cost			
At 1 January 2018	50,530	719,331	769,861
Additions	27,884	213,787	241,671
Disposals	(21,669)	(91,414)	(113,083)
Foreign currency exchange differences	977	2,512	3,489
At 31 December 2018	57,722	844,216	901,938
Depreciation			
At 1 January 2018	(26,739)	(472,374)	(499,113)
Charge for period	(11,834)	(166,237)	(178,071)
Elimination on disposals	20,928	81,014	101,942
Foreign currency exchange differences	(4)	(1,082)	(1,086)
At 31 December 2018	(17,649)	(558,679)	576,328
Net book value			
At 1 January 2018	23,791	246,957	270,748
At 31 December 2018	40,073	285,537	325,610

12. INTANGIBLE ASSETS

Group At 31 December 2019	Software €	Customer Contract/ Intellectual Property €	Total €
Cost			
At 1 January 2019	408,598	567,382	975,980
Additions	95,634	-	95,634
Written off in year	(327,304)	-	(327,304)
Foreign currency exchange differences	(6,011)	-	(6,011)
At 31 December 2019	170,917	567,382	738,299
Amortisation			
At 1 January 2019	(370,486)	(567,382)	(937,868)
Charge for period	(45,542)	-	(45,542)
Eliminated on items written off in year	244,273	-	244,273
Foreign currency exchange differences	5,295	-	5,295
At 31 December 2019	(166,460)	(567,382)	(733,842)
Net book value			
At 1 January 2019	38,112	-	38,112
At 31 December 2019	4,457	-	4,457

Group At 31 December 2018	Software €	Customer Contract/ Intellectual Property €	Total €
Cost			
At 1 January 2018	333,389	567,382	900,771
Additions	79,498	-	79,498
Disposals	(8,324)	-	(8,324)
Foreign currency exchange differences	4,035	-	4,035
At 31 December 2018	408,598	567,382	975,980
Amortisation			
At 1 January 2018	(296,306)	(456,340)	(752,646)
Charge for period	(78,640)	(111,042)	(189,682)
Elimination on disposals	8,040	-	8,040
Foreign currency exchange differences	(3,580)	-	(3,580)
At 31 December 2018	(370,486)	(567,382)	937,868
Net book value			
At 1 January 2018	37,083	111,042	148,125
At 31 December 2018	38,112	-	38,112

13. INVESTMENT IN SUBSIDIARIES

Shares in Group undertakings

	31.12.2019	31.12.2018
Cost	€	€
At 1 January 2019	222,938	205,928
Additions	1,098,499	17,087
Disposals	-	(78)
At 31 December 2019	1,321,437	222,937

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

The additions of €1,098,499 are made up as follows :

The company have invested €449,205 in acquiring a further PLN 1,950,000 of share capital in Computaris Polska sp zoo. in order to facilitate the growth of the subsidiary's operations.

The company have invested €598,290 in acquiring a further RON 2,850,000 of share capital in Computaris Romania S.R.L. in order to facilitate the growth of the subsidiary's operations.

The company have invested €21,000 in acquiring a further MYR 94,977 of share capital in Computaris Malaysia SDN. BHD. in order to facilitate the growth of the subsidiary's operations.

The company have invested €30,004 in acquiring a further CHF 33,000 of share capital in Computaris Switzerland LLC in order to facilitate the growth of the subsidiary's operations.

13. INVESTMENT IN SUBSIDIARIES (continued)

The principal direct subsidiaries of the company are :

Name	Principal activity	Country of incorporation	% Interest 31.12.2019	% Interest 31.12.2018	Registered address
Computaris Romania S.R.L.	Computer services	Romania	99.999439%	99%	5 Gheorghe Manu Str, Groundfloor, Room 2, Sector 1, Bucharest, 010442, Romania
Computaris Polska sp zoo	Computer services	Poland	100%	100%	al. Jana Pawla II 80, 00-175 Warsaw, Poland
Computaris International S.R.L.	Computer services	Moldova	100%	100%	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova
Computaris Malaysia SDN. BHD.	Computer services	Malaysia	100%	100%	No. 1005, Level 10 Block B, Phileo Damansara I, 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia.
Computaris USA Inc	Computer services	USA	Dissolved	Dissolved	5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A
Computaris Philippines Pte. Ltd. Inc	Computer services	Philippines	100%	100%	21B Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines
Computaris Switzerland LLC	Computer services	Switzerland	100%	100%	Rue du Trésor 9, Neuchâtel, 2000, Switzerland

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

The Group has the following categories of financial instruments at the balance sheet date:

Group	**31.12.2019**	31.12.2018
	€	€
Financial assets		
Trade and other receivables	**4,368,500**	4,053,503
Cash and cash equivalents	**2,611,993**	1,807,599
Financial liabilities		
Trade and other payables	**(1,394,805)**	(981,467)

Company	**31.12.2019**	31.12.2018
	€	€
Financial assets		
Trade and other receivables	**1,449,092**	3,509,546
Cash and cash equivalents	**1,167,266**	941,414
Financial liabilities		
Trade and other payables	**(777,909)**	(1,459,896)

Capital risk management

The group aims to manage its overall capital so as to ensure the group continues to operate as a going concern, whilst providing an adequate return to shareholders. There are no changes in capital risk management since 2017.

The group's capital structure represents the equity attributable to shareholders of the company together with cash and cash equivalents as follows:

	31.12.2019	31.12.2018
	€	€
Cash and short-term deposits	**(2,611,993)**	(1,807,599)
Net funds	**(2,611,993)**	(1,807,599)
Equity	**5,733,753**	4,694,698
Total capital	**5,733,753**	4,694,698
Capital and net funds	**3,121,760**	2,887,099

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management objectives

The board is charged with the overall responsibility of establishing and monitoring the Group's risk management policies and processes. The Group's risk management policies and processes are determined in order to identify, analyse and monitor the risks that are faced by the Group. All treasury transactions are reported to and approved by the Board. The Group does not enter into or trade financial instruments for speculative purposes.

The principal risks to which the Group is exposed are market risk including currency risk and interest rate risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The principal ways in which the group is exposed to such fluctuations are through currency risk.

Foreign currency risk

The group operates in a global industry and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The board monitors both the level of likely future foreign currency cash flows and forecasts of exchange rate movements and manages foreign exchange risk by holding cash balances in Euros.

Quantitative analysis
The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

	31.12.2019	31.12.2018
Current assets	**$**	$
US$ – trade and other receivables	**769,041**	624,433
US$ – cash and cash equivalents	**1,179,621**	544,434
	1,948,662	1,168,867
Current liabilities		
US$ – trade and other payables	**274,639**	150,704

Currency risk sensitivity analysis
The company has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 10% strengthening or weakening in Euro against all other currencies, with all other variables remaining constant. The sensitivity analysis includes only outstanding foreign currency denominated assets and liabilities and adjusts their translation at the balance sheet date for a 10% change in the applicable foreign currency rate.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Currency risk sensitivity analysis (continued)

Under this assumption, with a 10% strengthening or weakening of Euro against all exchange rates, profit before tax would have decreased by €136,358 (2018: €86,568) or increased by €167,880 (2018: €105,806) and equity would have decreased by €501,737 (2018: €245,958) or increased by €614,222 (2018: €300,561).

Interest rate risk

The group has very limited exposure to interest rate risk at present as it has no interest bearing borrowings.

Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Group by failing to discharge its obligation to the group.

The group trades only with recognised, creditworthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Of the trade receivables balance at the end of the year, €2,109,242 (2018: €1,870,043) is due from Nokia Siemens, the Group's largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk for trade and other receivables and other financial assets is represented by their carrying amount.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities. The group has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows. In addition, the Group benefits from strong cash flow from its normal trading activities.

At the balance sheet date the Group had no bank loans and borrowings or finance lease liabilities.

Fair values

The directors consider that the carrying values of all the company's financial assets and liabilities approximate their fair values as at the balance sheet dates.

The company does not hold any financial instruments that are classified as fair value through profit or loss or available for sale and therefore are measured at fair value.

15. RELATED PARTY TRANSACTIONS

Subsidiaries - The company has investments in the following subsidiaries :

Name	Principal activity	Country of incorporation	% Interest 31.12.2019	% Interest 31.12.2018
Computaris Romania S.R.L.	Computer services	Romania	99.99943%	99%
Computaris Polska sp zoo	Computer services	Poland	100%	100%
ICS Computaris International S.R.L.	Computer services	Moldova	100%	100%
Computaris Malaysia SDN. BHD.	Computer services	Malaysia	100%	100%
Computaris USA Inc	Computer services	USA	Dissolved	Dissolved
Computaris Philippines Pte. Ltd. Inc	Computer services	Philippines	100%	100%
Computaris Switzerland LLC	Computer services	Switzerland	100%	100%

Sale of services

During the period the company sold consultancy services of €462,695 (2018: €445,350) to Computaris Philippines Pte. Ltd. Inc, a group company. At the period end €181,897 (2018: €255,223) was owed to the company by Computaris Philippines Pte. Ltd Inc in respect of these consultancy services including foreign exchange variances. In addition to the above €161,944 (2018: €55,581) of income was accrued and included in Revenue and Accrued Income of the company in respect of services provided but not invoiced at the year-end date. At the year-end foreign exchange losses incurred by Computaris Philippines Pte. Ltd. Inc of €Nil (2018 - €17,154) were recharged to company and is included in the balance owed at the year end.

During the period Computaris Romania S.R.L. provided consultancy services of €234 (2018: €Nil) to Computaris Polska sp zoo, a group company. At the period end €239 (2018: €Nil) was owed to Computaris Romania S.R.L. by Computaris Polska sp zoo in respect of consultancy services including foreign exchange variances.

During the period Computaris Polska sp zoo provided services of €716,016 (2018 : €Nil) to Computaris Romania S.R.L., a group company. At the period end €197,310 (30.12.2018 : €Nil) was owed to Computaris Polska sp zoo by Computaris Romania S.R.L., in respect of the services including foreign exchange variances.

During the period ICS Computaris International S.R.L. provided consultancy services of €360,827 (2018: €50,229) to Computaris Romania S.R.L., a group company. At the period end €124,260 (2018: €1,927) was owed to ICS Computaris International S.R.L. by Computaris Romania S.R.L. in respect of consultancy services including foreign exchange variances.

Purchases of services

During the year the company incurred consultancy services of €379,060 (2018: €340,758) and reimbursed expenses totalling €5,260 (2018: €5,116) from R Systems International Limited, the parent undertaking. At the period end €13,156 (2018: €39,297) was owed by the company to R Systems International Limited in respect of these consultancy and reimbursed expenses. Included in the consultancy services above is €13,948 (2018: €Nil) of services accrued and included in Accruals of the company in respect of services provided but not invoiced at the year-end date.

During the year the company incurred consultancy services of €730,246 (2018: €890,978) and reimbursed expenses totalling €30,600 (2018: €16,531) from R Systems Inc, a group company. At the period end €50,270 (2018: €104,743) was owed by the company to R Systems Inc in respect of these consultancy and reimbursed expenses.

During the year Computaris USA, INC acquired services totalling €Nil (2018: €304,909) and incurred €Nil (2018: €6,349) in respect of reimbursed expenses from R Systems Inc, a group company. At the year-end €Nil (2018: €Nil) was owed by Computaris USA, INC to R Systems Inc in respect of these services including foreign exchange variances.

15. RELATED PARTY TRANSACTIONS (continued)

During the period Computaris Romania SRL incurred consultancy services of €148,525 (2018 - €Nil) from R Systems International Ltd, a group company. At the period end €31,724 (2018 - €Nil) was owed by Computaris Romania SRL to R Systems International Ltd in respect of these consultancy services including foreign exchange variances. In addition to the above €31,724 (2018 – €Nil) of expenses was accrued in respect of services provided but not invoiced at the period end date.

During the period Computaris Romania SRL incurred consultancy services of €757,501 (2018 - €Nil) and reimbursed expenses totalling €32,483 from R Systems Inc, a group company. At the period end €163,381 (2018 - €Nil) was owed by Computaris Romania SRL to R Systems Inc in respect of these consultancy services and expenses including foreign exchange variances.

During the period Computaris Romania SRL incurred consultancy services of €14,112 (2018 - €Nil) from R Systems (Singapore) Pte. Ltd, a group company. At the period end €Nil (2018 - €NIL) was owed by Computaris Romania SRL to R Systems (Singapore) Pte. Ltd in respect of these consultancy services including foreign exchange variances.

During the period Computaris Malaysia SDN. BHD incurred consultancy services of € 29,557 (2018 - €Nil) from ECnet (M) Sdn Bhd, a group company. At the period end €19,923 (2018 - €NIL) was owed Computaris Malaysia SDN. BHD to ECnet (M) Sdn Bhd. Ltd in respect of these consultancy services including foreign exchange variances. In addition to the above €12,311 (2018 – €Nil) of expenses was accrued in respect of services provided but not invoiced at the period end date.

During the year computer consultancy services and related expenses were acquired from the subsidiary undertakings as follows:

	31.12.2019	31.12.2018
	€	€
Computaris Romania S.R.L.	2,860,528	4,407,807
Computaris Polska sp zoo	1,321,867	1,882,060
ICS Computaris International S.R.L.	469,193	512,131
Computaris Malaysia SDN. BHD.	176,976	181,197
Computaris USA Inc	-	310,059
	4,828,564	7,293,254

At the year end the following amounts were due to/(from) the subsidiary undertakings in respect of the above services supplied :

	31.12.2019	31.12.2018
	€	€
Computaris Romania S.R.L.	267,642	602,115
Computaris Polska sp zoo	94,056	165,481
ICS Computaris International S.R.L.	(42,773)	48,081
Computaris Malaysia SDN. BHD.	1,938	-
	320,863	815,677

The amount due to/(from) the subsidiary undertakings are unsecured, interest free and repayable on demand unless otherwise stated.

15. RELATED PARTY TRANSACTIONS (continued)

At the period end the following amounts were accrued in respect in respect of the above services supplied by the subsidiary undertakings :

	31.12.2019	*31.12.2018*
	€	**€**
Computaris Romania S.R.L.	**199,499**	-
ICS Computaris International S.R.L.	**30,423**	-
Computaris Malaysia SDN. BHD.	**10,161**	-
	240,083	-

Loan to subsidiary

On the 23 November 2017 the company entered into a loan agreement under normal commercial terms with the subsidiary, Computaris Polska sp zoo, for a maximum up to €450,000. The amount drawn-down at the period end was €Nil (2018 - €450,000) as the loan was repaid in full on 20 September 2019. Interest of €4,191 (2018 : €4,430) at a rate of 1.4% had been paid in the period. The principal amount outstanding was originally due to be repaid in full together with all interest and fees on 22 October 2018, however the original loan agreement was replaced with a new agreement thereby extending the settlement date to 1 October 2019.

Financial Support

The company have invested €449,205 in acquiring a further PLN 1,950,000 of share capital in Computaris Polska sp zoo. in order to facilitate the growth of the subsidiary's operations.

The company have invested €598,291 in acquiring a further RON 2,850,000 of share capital in Computaris Romania S.R.L. in order to facilitate the growth of the subsidiary's operations.

The company have invested €21,000 in acquiring a further MYR 94,977 of share capital in Computaris Malaysia SDN. BHD. in order to facilitate the growth of the subsidiary's operations.

The company have invested €30,004 in acquiring a further CHF 33,000 of share capital in Computaris Switzerland LLC in order to facilitate the growth of the subsidiary's operations.

Key management personnel

The key management personnel are the directors of the company and the remuneration they have received during the year is as follows:

	31.12.2019	31.12.2018
	€	€
Receivable from subsidiaries:		
Short-term employee benefits	**172,308**	172,129

16. INVENTORIES

Group	**31.12.2019**	31.12.2018
	€	€
Consumables (At cost)	**12,681**	13,155

17. TRADE AND OTHER RECEIVABLES

Group	31.12.2019	31.12.2018
	€	€
Receivable from trade customers	3,359,339	3,396,042
Other receivables	118,777	161,135
Tax receivables	143,778	134,036
Accrued income	890,384	496,326
	4,512,278	4,187,539

At 31 December 2019, trade and other receivables to the value of €3,600 (2018: €80,096) were impaired and fully provided for.

Movements in the provision for impairment of trade and other receivables were as follows:

	31.12.2019	31.12.2018
	€	€
At 1 January	81,035	217,904
Provision for doubtful debts	6,415	939
Release of provision for doubtful debts	-	(13,560)
Provision for doubtful debts written off	(81,035)	(124,248)
At 31 December	6,415	81,035

Company	31.12.2019	31.12.2018
	€	€
Receivable from trade customers	879,166	2,639,513
Receivable from related parties	224,670	712,105
Tax receivables	4,762	10,731
Accrued income	345,256	157,928
	1,453,854	3,520,277

Amounts receivable from trade customers are non-interest bearing and are generally on 30 to 90 day terms.

At 31 December 2019, trade and other receivables to the value of €Nil (2018: €80,096) were impaired and fully provided for.

Movements in the provision for impairment of trade and other receivables were as follows:

	31.12.2019	31.12.2018
	€	€
At 1 January	80,096	100,879
Release of provision for doubtful debts	-	(13,560)
Provision for doubtful debts written off	(80,096)	(7,223)
At 31 December	-	80,096

18. PREPAYMENTS

Group	31.12.2019	31.12.2018
	€	€
Current		
Prepaid expenses	**194,860**	159,005

Company	31.12.2019	31.12.2018
	€	€
Current		
Prepaid expenses	**81,226**	110,717

19. CASH AND CASH EQUIVALENTS

Group	31.12.2019	31.12.2018
	€	€
Cash on hand	**478**	2,880
Cash at bank	**2,342,620**	1,232,547
Short term deposits	**268,895**	572,172
	2,611,993	1,807,599

Included in cash at bank is restricted funds of €59,578 (2018: €60,521).

Company	31.12.2019	31.12.2018
	€	€
Cash at bank	**988,854**	766,589
Short term deposits	**178,412**	174,825
	1,167,266	941,414

Included in cash at bank is restricted funds of €Nil (2018: €Nil).

20. SHARE CAPITAL

Authorised share capital

	31.12.2019 No.	€	*31.12.2018 No.*	€
Ordinary share capital	**106,500**	**1,193**	106,500	1,193

Issued share capital

	31.12.2019 No.	€	*31.12.2018 No.*	€
Issued and fully paid				
Ordinary share capital	**66,500**	**747**	*66,500*	*747*

All issued share capital is classified as equity. The ordinary shares have a par value of 1p per share and are fully paid. These shares carry no right to fixed income or have any preferences or restrictions attached to them.

21. OTHER RESERVES

Group 31 December 2019	**Capital Redemption Reserve €**	**Legal and statutory reserve €**	**Foreign currency translation reserve €**	**Total €**
At 1 January 2019	168	244,057	353,507	597,732
Foreign currency exchange increase	-	-	(21,384)	(21,384)
Transfer to retained earnings	-	(42,199)	-	(42,199)
At 31 December 2019	168	201,858	332,123	534,149

Group 31 December 2018	**Capital Redemption Reserve €**	**Legal and statutory reserve €**	**Foreign currency translation reserve €**	**Total €**
At 1 January 2018	168	911,203	282,716	1,194,087
Foreign currency exchange increase	-	-	70,791	70,791
Transfer to retained earnings	-	(667,146)	-	(667,146)
At 31 December 2018	168	244,057	353,507	597,732

Nature and purpose of other reserves

Legal and statutory reserve
The legal and statutory reserves of €201,858 (2018: €244,057) are according to local applicable laws and statutory regulations in the subsidiary jurisdictions of Romania, Moldova and Poland. They are created and adjusted based on profit by transfers from retained earnings.

Foreign currency translation reserve
The translation reserve represents the revaluations of overseas foreign subsidiaries.

22. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities:

Group	**Accelerated tax depreciation €**	**Other timing differences €**	**Lease Liabilities €**	**Tax Losses €**	**Total €**
Balance at 1 January 2018	(1,714)	27,950	-	43,944	70,180
Charge to profit or loss	1,742	(34,663)	-	(44,651)	(77,572)
Foreign currency exchange	(28)	3,571	-	707	4,250
Balance at 1 January 2019	-	**(3,142)**	-	-	**(3,142)**
Initial application of IFRS 16	-	-	**5,351**	-	**5,351**
Charge to profit or loss	-	**(13,997)**	**(541)**	**50,765**	**36,227**
Foreign currency exchange		**202**	**(109)**	**(1,177)**	**(1,084)**
Balance at 31 December 2019	-	**(16,937)**	**4,701**	**49,588**	**37,352**

22. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the balance sheet date, the group has unused tax losses of €178,991 (2018: €628,809) available for offset against future profits. No deferred tax asset has been recognised in respect of €13,241 (2018: €609,403) of these losses as it is not considered probable that there will be future taxable profits available.

These amounts have been classified in the statement of financial position as follows:

Group	31.12.2019	31.12.2018
	€	€
Deferred tax assets	49,852	-
Deferred tax liabilities	(12,500)	(3,142)
	37,352	(3,142)

23. TRADE AND OTHER PAYABLES

Group	31.12.2019	31.12.2018
	€	€
Payable to trade suppliers	233,175	397,522
Payable to related parties	258,533	144,040
Other payables	127,347	86,452
Accrued liabilities	498,810	353,453
Tax payables	276,940	278,057
	1,394,805	1,259,524

Company	31.12.2019	31.12.2018
	€	€
Payable to trade suppliers	30,143	117,261
Payable to related parties	427,062	959,718
Other payables	117	87
Accrued liabilities	320,587	382,830
	777,909	1,459,896

The average credit period taken on trade payables is 30 days and no interest has been charged on the payable balances.

24. RIGHT-OF-USE-ASSETS

Right-of-use assets	Buildings €	Equipment €	Software €	Total €
Cost				
At 1 January 2019	563,975	-	-	563,975
Additions	484,957	192,362	31,765	709,084
Disposals	(18,935)	-	-	(18,935)
Foreign currency exchange differences	(5,414)	-	-	(5,414)
	1,024,583	192,362	31,765	1,248,710
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation	341,374	3,923	981	346,278
Disposals	(18,935)	-	-	(18,935)
Foreign currency exchange differences	479	-	-	479
	322,918	3,923	981	327,822
Carrying amount				
At 31 December 2019	701,665	188,439	30,784	920,888

The Group leases several assets including buildings, plants, IT equipment and software. The average lease term is 5 years (2018: 5 years).

Approximately one fifth of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of €709,084 in 2019.

The maturity analysis of lease liabilities is presented in note 25.

	31/12/2019
Amounts recognised in profit and loss	€
Depreciation expense on right-of-use assets	346,278
Interest expense on lease liabilities	36,164
Expense relating to short-term leases	169,332

At 31 December 2019, the Group is committed to €46,219 for short-term leases.

The Group do not have any property leases that contain variable lease payment.

25. LEASE LIABILITIES

	31.12.2019
Analysed as:	€
Non-current	629,741
Current	315,216
	944,957
Maturity analysis	
Year 1	315,217
Year 2	187,048
Year 3	170,247
Year 4	167,527
Year 5	104,918
	944,957

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total of future minimum lease payments under non-cancellable operating leases are as follows:

Group	31.12.2018
	€
Not later than one year	449,320
Later than one year and not later than five years	372,983
	822,303

The operating lease relates to the lease of buildings with an average lease terms between 3 months to 6 years.

26. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is R Systems International Limited, a company registered in India, which owns 100% of the company's shares.

The largest and smallest group in which the results of the group are consolidated is headed by R Systems International Limited. The consolidated financial statements of this company are available to the public and may be obtained from its registered address, GF-1–A, 6, Devika Tower, Nehru Place, New Delhi- 110019, India