

Company Registration No. 01459419 (England and Wales)

**FLOODID LIMITED (FORMERLY KNOWN AS THE  
PCMS GROUP LIMITED)**

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



# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## COMPANY INFORMATION

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<b>Directors</b>	G C McLauchlan A Houldsworth M H Osborne C Mutter
<b>Company number</b>	01459419
<b>Registered office</b>	PCMS House Torwood Close Westwood Business Park Coventry CV4 8HX
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

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# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### **Fair review of the business**

We aim to present a balanced view of the performance of our business during the year and its position at 31 December 2019. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face. The strategic report reflects the board's view of the company and provides context for the related financial statements.

#### *Section 172 statement*

The purpose of the strategic report is to provide information for shareholders and help them to assess how the directors have performed their duty, under section 172 of the Companies Act 2006 ("s172"), to promote the success of the company and, in doing so, had regard to the matters set out in that section. This includes considering the interests of other stakeholders which will have an impact on the long-term success of the entity.

#### *Company culture*

The board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours that we demonstrate including our activities and stakeholder relationships. As such the board has significantly expanded the number and frequency of meetings between the senior management and all staff, and to do so on a unified basis across all company locations.

When making decisions, each director ensures that he/she considers, in good faith, what would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term by setting the regular process of budgeting and reforecasting over a short term (1 to 2 years) in the context of the longer-term strategic plan (5 years and beyond). To this end the management team was augmented by the recruitment of key new members with significant experience in both the UK and the US of the migration of a software product suite from a perpetual license fee to a Software-as-a-Service (SaaS) model. See also "Strategy" section on page 2 below.
- the interests of the company's employees as the directors recognise that Flooid employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business is dependent upon attracting, retaining and motivating employees and ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The Covid crisis that arose in early 2020 has placed pressures on this relationship, but clear and decisive decision making, combined with regular and frequent team meetings has addressed this and seeks to build for the future. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.
- the need to foster the company's business relationships with suppliers, customers and others, to develop strong, mutually beneficial relationships to deliver our strategy.
- the impacts of the company's operations on the community and the environment, and the board seeks to recognise the effects of its long - term decisions, and its ongoing operational activities in the context of the communities in which it operates, as well as the environment in general.
- the desirability of the company maintaining a reputation for high standards of business conduct, and in recognising that the company needs to provide its solutions and services in ways which are economically, environmentally and socially responsible and seeks to make its long-term decisions and daily operations in that context.
- the need to act fairly as between members of the company, and after consideration of all the relevant factors as outlined above, the directors consider which course of action best enables the delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the directors act fairly as between the company's members but are not required to balance the company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### **Fair review of the business (continued)**

##### *History*

The company has a long-established position delivering one of the most highly regarded, large scale, multi-vertical retail POS solutions on the market, with a prestigious and diverse international client base and generating revenues from software licensing/ implementation, hosting and managed services.

Since 10 November 2017, the date of completion of the Management Buy Out (or "MBO") funded by Inflexion Private Equity Partners LLP, Flooid has continued the development of its product offering and client base primarily in the UK, the US, Europe and South Africa.

##### *Strategy*

The company's strategy is to:

1. invest in and focus the business on a 'core product' platform to facilitate future scalability and the migration towards a Software-as-a-Service (SaaS) model, thereby significantly increasing the quantum and proportion of the company's revenues which are recurring;
2. focus initially on a small number of core retail verticals and geographies;
3. broaden the product portfolio to include mobile, digital, and personalised offers; and
4. invest in micro services and cloud hosting to give a true single commerce platform capability.

This strategy has resulted in Flooid becoming one of the largest independent retail software vendors in the world. There are now over three hundred thousand sales devices using Flooid software in around 100 retailers across 57 countries every day, with its software enabling engaged commerce journeys across POS, kiosk, self-checkout, mobile, web and social.

##### *The future*

The company has invested significantly in product R&D, people, sales and marketing and infrastructure in order to create a strong foundation for growth. The company also has an established market position with a proven highly scalable and flexible platform solution which meets the rapidly evolving needs of retailers in a dynamic market.

Also, the company is on track to become the first 'headless platform' in the market to support all sales channels whether they are highly resilient fixed POS in store, light touch mobile applications or large-scale centralised eCommerce and social commerce solutions. As such, the company is advanced in developing strategic relationships with a range of major industry players.

#### **Results**

The statement of comprehensive income on page 10 of the financial statements shows the company's financial performance for the year to 31 December 2019. Turnover for the year was £40,235,967 (15 months to 31 December 2018: £41,964,523) and operating profit before amortisation, depreciation, share-based payments and exceptional items was £4,720,997 (15 months to 31 December 2018: £5,169,644). North American revenues increased materially in 2019 as a result of a number of significant new contract wins with major US retailers.

The statement of financial position at 31 December 2019 shows net assets of £23,591,184 (2018: £22,759,251).

The company considers its key performance indicators to be driven by the key metrics in the statement of comprehensive income and the statement of financial position.

#### **COVID-19**

##### *Overall risk to operations*

Since 31 December 2019, the spread of COVID-19 has severely impacted local economies around the world, and had a disproportionate effect on certain sectors, including retail, Flooid's key marketplace. In many countries, businesses have been forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

# **FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **COVID-19 (continued)**

In response to this, the management of Flooid set out a plan to significantly reduce its cost base as rapidly as possible to a level appropriate to the reduced levels of revenues expected because of the pandemic. As well as right-sizing its cost base, whilst preserving its operational effectiveness and development capability, the company renegotiated payment terms with key suppliers, participated in the various business support schemes in the countries in which it operated, and kept in close contact with its client base to respond to their needs as effectively as possible as the crisis unfolded.

The majority of the company's revenues are derived from the grocery and pharmacy sectors of retail, which have remained robust during the crisis, as has the company's large and growing share of recurring revenues in its revenue stack. As a result of this, and because the company's software products and services are frequently mission critical for its clients as the prospect of emerging from the crisis becomes more apparent and combined with the ongoing support of both the company's major shareholder and debt provider, the directors have concluded that it is appropriate to use the going concern basis in the preparation of these financial statements.

The company has determined that these events are non-adjusting subsequent events and consequently, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

#### **Going concern**

With the onset of the Covid-19 crisis in early 2020, the group's retail and hospitality customers were put under severe pressure resulting in the delay of several new projects and the freezing of some existing projects. Flooid adopted a proactive collaborative approach to both its clients, who were predominantly in the more robust end of the retail market in convenience retail, grocery and pharmacy, and its suppliers worldwide. In conjunction with this, the group maintained tight control on the cost base in line with the pause in project activity.

The group has kept in close contact with its major shareholder and its debt provider, both of whom have shown significant confidence and support for the group. As such, new funding arrangements were negotiated providing additional funding for the group along with relevant covenant waivers.

The group has a strong pipeline of sales opportunities, and benefits from the "mission-critical" nature of its product offering and is forecasting a resumption of growth once the effects of Covid recede.

The business has strong financial controls and management review the liquidity, utilisation of banking facilities and compliance with its financing covenants on a regular basis. The directors have prepared budgets and forecasts covering the period to 31 December 2021 and produce detailed daily cash forecasts with a 6-month horizon which are updated each week, and which are a key management tool for the group.

These forecasts show that the group is expecting to be able to continue to meet its liabilities as they fall due for the foreseeable future and meet the requirements of the renegotiated lending agreement. The group has also traded in line with the revised business plan established post-Covid and the directors have plans in place to manage the ongoing impact of the pandemic. Notwithstanding this, forecasting short-term trading remains difficult due to the ongoing uncertain impact of Covid on the group's revenue streams and working capital profile.

In conjunction with the foregoing and the continued support of its investor and debt provider, who have provided additional funding and suitable covenant waivers, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertain future impact of Covid and its consequential impact on the group's revenue streams and working capital profile could impact on the company given it is party to a bank guarantee with other group companies and this uncertainty may impact on the cash and financing available to the company. This indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### **Risks: Brexit**

The company continues to monitor the progress of negotiations with the EU and is committed to maintaining robust plans to ensure the company is well prepared for the potential outcomes, including an abrupt and disorderly no deal exit. The directors do not believe the company has suffered any adverse effects from the Brexit process to date and continue to assess the potential impact of the associated risks.

In coming to this conclusion, the board has considered various factors including the distribution of its operations in the UK and of its fellow group company in the US, allowing access to markets worldwide itself and in conjunction with strategic partners. In addition, a significant proportion of the company's revenues come from the robust retail markets of convenience retail, grocery and pharmacy and are significantly comprised of regular recurring revenues for mission-critical applications that are seen to be non-discretionary spend and as such these factors may mitigate any downturn in customers' IT budgets.

### **Principal risks and uncertainties**

#### *Market risks*

There are risks associated with our exposure to a retail sector which, in certain areas, is under increasing competitive pressure. This is mitigated by the blue-chip nature of our client base, our limited customer concentration, and as we provide a business-critical service allowing retailers to increase revenues by accessing new commerce channels.

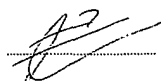
#### *Liquidity and cash flow risks*

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, foreign exchange and interest rate risk. The directors actively manage these risks by monitoring levels of debt, cash and foreign exchange balances. No derivatives are used as the main foreign exchange risk is on the loan balance with the company's fellow group company in the US.

Due to the scale and number of contracts which are being implemented through 2019 and early 2020 there have been significant working capital movements due to associated milestone payments. Management prepares detailed short and medium-term cash forecasts to identify any potential working capital requirements at an early stage and ensures the group's funders are aware of any future requirements.

Bank and cash balances held by the company at 31 December 2019 totalled £1,318,706 (2018: £831,698). These funds are held in accounts with suitable credit worthy financial institutions and access to the wider group monies is available if cash flow is required.

On behalf of the board



C Mutter  
Director

30 September 2020

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### Principal activities

The principal activity of the company during the period was that of the production, distribution and maintenance of computer software and the provision of a full range of IT managed services, particularly for retail, grocer and hospitality organisations.

#### Change of name

The company changed its name from The PCMS Group Limited to Flooid Limited on the 24 January 2020.

#### Directors

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

G C McLauchlan

A Houldsworth

D W Burke

(Resigned 10 June 2019)

M H Osborne

J P Addis

(Appointed 9 July 2019 and resigned 11 June 2020)

C Mutter

(Appointed 8 April 2020)

#### Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid in the year (2018: £5,817,731). The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The company continues to invest heavily in research and development activities in order to maintain the high quality of IT services and products.

#### Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to ensure them to perform work identified as appropriate to their aptitudes and abilities.

#### Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various financial and operational matters affecting the performance of the company. This is achieved through formal and informal meetings and a group newsletter.

#### Disabled persons

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

# **FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Employee involvement**

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

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

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Auditor**

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

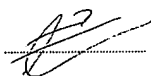
### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a fair review of its business, future developments and its principal risks and uncertainties.

### **Statement of disclosure to auditor**

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

On behalf of the board



**C Mutter**  
**Director**

30 September 2020



# **FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

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

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**

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## **Opinion**

We have audited the financial statements of Floodid Limited (formerly known as The PCMS Group Limited) (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements, which highlights the uncertain future impact of Covid on the group's revenue streams and working capital profile and the potential resulting impact on the cash and financing available to the company. This indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOOD LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED) (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

RSM UK Audit LLP

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

7th Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

6 OCTOBER 2016

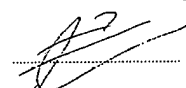
**FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

		Year ended 31 December 2019 £	15 month period ended 31 December 2018 £
	Notes		
Turnover	3	40,235,967	41,964,523
Cost of sales		(27,274,371)	(28,995,986)
<b>Gross profit</b>		12,961,596	12,968,537
Administrative expenses before exceptional items		(12,754,898)	(12,977,781)
Other operating income	3	479,999	419,743
Exceptional items	4	(1,405,153)	(620,960)
Operating profit before amortisation, depreciation, share-based payments and exceptional items		4,720,997	5,169,644
Share-based payments	6	(48,943)	(285,072)
Amortisation	12	(3,074,012)	(3,566,891)
Depreciation	13	(911,345)	(907,182)
Exceptional items	4	(1,405,153)	(620,960)
<b>Operating loss</b>	5	(718,456)	(210,461)
Interest receivable and similar income	9	1,673,234	1,491,245
<b>Profit on ordinary activities before taxation</b>		954,778	1,280,784
Taxation	10	(171,788)	395,693
<b>Profit for the financial year</b>		782,990	1,676,477

**FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	12	11,516,800		7,839,585	
Tangible assets	13	1,485,993		1,844,293	
		<u>13,002,793</u>		<u>9,683,878</u>	
<b>Current assets</b>					
Debtors	14	35,655,066	28,232,797		
Cash at bank and in hand		1,318,706	831,698		
		<u>36,973,772</u>	<u>29,064,495</u>		
<b>Creditors: amounts falling due within one year</b>	15	<u>(25,029,618)</u>	<u>(15,091,458)</u>		
<b>Net current assets</b>		<u>11,944,154</u>		<u>13,973,037</u>	
<b>Total assets less current liabilities</b>		<u>24,946,947</u>		<u>23,656,915</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(195,460)		-	
<b>Provisions for liabilities</b>	18	(1,160,303)		(897,664)	
<b>Net assets</b>		<u>23,591,184</u>		<u>22,759,251</u>	
<b>Capital and reserves</b>					
Called up share capital	20	50,000		50,000	
Capital contribution reserve		2,141,580		2,092,637	
Profit and loss reserves		21,399,604		20,616,614	
<b>Total equity</b>		<u>23,591,184</u>		<u>22,759,251</u>	

The financial statements were approved by the board of directors and authorised for issue on 30 September 2020 and are signed on its behalf by:



C Mutter  
Director

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital contribution reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2017</b>		50,000	1,807,565	24,757,868	26,615,433
<b>Period ended 31 December 2018:</b>					
Profit and total comprehensive income for the period		-	-	1,676,477	1,676,477
Transactions with owners:					
Dividends	11	-	-	(5,817,731)	(5,817,731)
Capital contributions received		-	285,072	-	285,072
<b>Balance at 31 December 2018</b>		50,000	2,092,637	20,616,614	22,759,251
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year		-	-	782,990	782,990
Capital contributions received		-	48,943	-	48,943
<b>Balance at 31 December 2019</b>		50,000	2,141,580	21,399,604	23,591,184

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

##### Company information

Floodid Limited (formerly known as The PCMS Group Limited) is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.

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

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

##### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options; how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Floodid Topco Limited (formerly known as Torwood Topco Limited). These consolidated financial statements are available from its registered office, PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.

##### Going concern

With the onset of the Covid-19 crisis in early 2020, the group's retail and hospitality customers were put under severe pressure resulting in the delay of several new projects and the freezing of some existing projects. Floodid adopted a proactive collaborative approach to both its clients, who were predominantly in the more robust end of the retail market in convenience retail, grocery and pharmacy, and its suppliers worldwide. In conjunction with this, the group maintained tight control on the cost base in line with the pause in project activity.

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### Going concern (continued)

The group has kept in close contact with its major shareholder and its debt provider, both of whom have shown significant confidence and support for the group. As such, new funding arrangements were negotiated providing additional funding for the group along with relevant covenant waivers.

The group has a strong pipeline of sales opportunities, and benefits from the "mission-critical" nature of its product offering and is forecasting a resumption of growth once the effects of Covid recede.

The business has strong financial controls and management review the liquidity, utilisation of banking facilities and compliance with its financing covenants on a regular basis. The directors have prepared budgets and forecasts covering the period to 31 December 2021 and produce detailed daily cash forecasts with a 6-month horizon which are updated each week, and which are a key management tool for the group.

These forecasts show that the group is expecting to be able to continue to meet its liabilities as they fall due for the foreseeable future and meet the requirements of the renegotiated lending agreement. The group has also traded in line with the revised business plan established post-Covid and the directors have plans in place to manage the ongoing impact of the pandemic. Notwithstanding this, forecasting short-term trading remains difficult due to the ongoing uncertain impact of Covid on the group's revenue streams and working capital profile.

In conjunction with the foregoing and the continued support of its investor and debt provider, who have provided additional funding and suitable covenant waivers, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertain future impact of Covid and its consequential impact on the group's revenue streams and working capital profile could impact on the company given it is party to a bank guarantee with other group companies and this uncertainty may impact on the cash and financing available to the company. This indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

##### Reporting period

During the prior period the company changed its accounting reference date from 30 September to 31 December to align with its new ultimate parent company. These financial statements have been prepared for the year to 31 December 2019 whereas the comparative period financial statements were prepared for the 15 month period to 31 December 2018. Therefore the comparative amounts presented in these financial statements (including the related notes) are not entirely comparable.

##### Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts.

Turnover from the sale of perpetual software licences on a 'right of use' basis, where no customisation of the software is required, is recognised at a point in time once the licence has been delivered to the customer and the customer can obtain benefit from the licence.

Turnover from the sale of perpetual software licences on a 'right of use' basis, where customisation of the software is required in order for the customer to obtain benefit from the licence, is recognised over the period of time during which the customisation work is carried out in a manner which reflects the varying level of effort involved.

Turnover from the provision of customisation, configuration or training services are recognised over a period of time as these services are delivered to the customer.



# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### Turnover (continued)

Turnover from supporting perpetual software licences and turnover from the sale of software on a 'right of access' basis including software as a service, software hosting and software sold on a subscription basis are recognised over the period of time that the customer benefits from the provision of these services.

##### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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

Development costs	20% straight line
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##### Tangible fixed assets

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

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

Plant and machinery	10% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line

Assets in the course of construction are not depreciated.

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

##### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

##### **Basic financial assets**

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

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### **Basic financial liabilities**

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### **Equity instruments**

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

##### **Taxation**

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

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

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

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

##### **Employee benefits**

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. In addition, the company has accrued for pension amounts payable to directors' personal pension plans.

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### Share-based payments

Up to November 2017 the company participated in a share-based payment arrangement granted to its employees and employees of its subsidiaries in relation to shares in its former ultimate parent company, Floodid International Holdings Limited (formerly known as PCMS International Holdings Limited). The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

From November 2017 the company now participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries in relation to shares in its new ultimate parent company, Floodid Topco Limited (formerly known as Torwood Topco Limited). The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of shares issued at discount to the company's employees compared to the total number of shares issued at discount to the group's employees to be a reasonable basis for allocating the expense.

The expense in relation to shares issued at a discount to market value in the parent company to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

##### Leases

Rentals payable under operating leases, including any lease incentives received, 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 leased asset are consumed.

##### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### Foreign exchange

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

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

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

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### **Exceptional items**

The company presents as exceptional items on the face of the statement of comprehensive income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### **Critical judgements**

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

##### **Share-based payments**

Part of the remuneration of certain employees was provided through the grant of share options in the shares of the company or in its ultimate parent company, and is now provided through shares issued at a discount to market value shares of the ultimate parent company. The cost of these equity-settled transactions with employees is measured by reference to the fair value on the date they are granted. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility and the expected life of the option.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Depreciation**

The assessment of the useful economic lives and the method of depreciating tangible fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the company expects to consume the future economic benefits embodied in the assets. At 31 December 2019 the carrying value of tangible fixed assets was £1,485,993 and depreciation of £911,345 was charged in the period.

##### **Development costs and amortisation**

Management judgement is required in assessing the fair value of development costs capitalised, including the future economic benefit expected to be generated by those assets. The assessment of the useful economic lives and the method of amortising those assets also requires judgement. Amortisation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the company expects to consume the future economic benefits embodied in the assets. At 31 December 2019 the carrying value of development costs was £11,516,800 and amortisation of £3,074,012 was charged in the period.

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### *Impairment of debtors*

Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and the historical experience. At 31 December 2019 the carrying value of trade debtors was £5,819,035.

##### *Revenue recognition*

The timing of revenue recognition is subject to inherent complexities in the software industry, especially in relation to more complex contracts that include licence, customisation, training and maintenance/support agreements.

#### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Principal activity	40,235,967	41,964,523
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Other revenue</b>		
Interest income	1,673,234	1,491,245
Grants - UK government R&D enhanced credit scheme	479,999	419,743
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	22,856,526	26,863,302
Rest of Europe	3,014,121	3,839,461
North America	8,137,693	5,004,246
Rest of the World	6,227,627	6,257,514
	<u>          </u>	<u>          </u>
	40,235,967	41,964,523
	<u>          </u>	<u>          </u>

#### 4 Exceptional items

	2019 £	2018 £
Exceptional items	1,405,153	620,960
	<u>          </u>	<u>          </u>

Exceptional items consist of £338,132 (2018: £63,637) of exceptional customer debt write-offs, £1,067,021 (2018: £96,433) of restructuring and legal costs and £nil (2018: £460,890) in respect of bonus payments to certain directors on the acquisition of the group.

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	428,490	(522,201)
Government grants - UK government R&D enhanced credit scheme	(479,999)	(419,743)
Depreciation of owned tangible fixed assets	911,345	907,182
Profit on disposal of tangible fixed assets	(18,117)	(32,216)
Amortisation of intangible assets	3,074,012	3,566,891
Share-based payments	48,943	285,072
Operating lease charges	506,200	600,000

### 6 Employees

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

	2019 Number	2018 Number
Administration	42	36
Installation, development and support	296	288
	<u>338</u>	<u>324</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	16,973,811	19,689,944
Share based payment charge	48,943	285,072
Social security costs	1,959,364	2,300,611
Pension costs	1,467,559	2,166,820
	<u>20,449,677</u>	<u>24,442,447</u>

In addition to the costs above there were £304,542 of staff costs included within exceptional items, details of which is given in note 4.

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	-	730,366
Company pension contributions to defined contribution schemes	-	7,606
	<u>-</u>	<u>737,972</u>

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 7 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	294,480
Company pension contributions to defined contribution schemes	n/a	1,254

Remuneration in the prior period included the bonuses included in exceptional costs as shown in note 4.

From 10 November 2017, the directors receive no remuneration from the company and are instead remunerated through the other group companies.

#### 8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	71,665	86,500
<b>For other services</b>		
Taxation compliance services	22,500	18,250
All other non-audit services	20,685	110,000
	43,185	128,250

The company pays the audit fees, and non-audit fees, on behalf of the Flooid Topco Limited group (formerly known as Torwood Topco Limited group).

#### 9 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	465	9,543
Interest receivable from group companies	1,672,769	1,481,702
Total income	1,673,234	1,491,245



# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	16,794
Adjustments in respect of prior periods	(194,747)	(596,522)
Group tax relief	103,896	214,785
Total current tax	(90,851)	(364,943)
<b>Deferred tax</b>		
Origination and reversal of timing differences	67,385	67,981
Adjustment in respect of prior periods	195,254	(98,731)
Total deferred tax	262,639	(30,750)
Total tax charge/(credit)	171,788	(395,693)

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

	2019 £	2018 £
Profit before taxation	954,778	1,280,784
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	181,408	243,349
Tax effect of expenses that are not deductible in determining taxable profit	15,749	64,208
Adjustments in respect of prior years	507	(695,253)
Effect of change in corporation tax rate	(7,928)	(7,997)
Research and development tax credit	(17,948)	-
Taxation charge/(credit) for the year	171,788	(395,693)

The adjustment to current tax in respect of prior periods in the year mainly related to adjustments to group relief claims.

The adjustment to current tax in respect of prior periods in the prior period mainly related to additional prior year research and development tax credits secured in the prior period.

#### Factors that may affect future tax charge

Following the March 2020 budget, legislation has been put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%. The deferred tax balances within these financial statements have been calculated at 17%.

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Dividends

	2019 Per share £	2018 Per share £	2019 Total £	2018 Total £
<b>Ordinary shares</b>				
Interim paid	-	116.35	-	5,817,731
<b>Total dividends</b>				
Interim paid			-	5,817,731

### 12 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 2019	19,465,156
Additions - internally developed	6,751,227
At 31 December 2019	26,216,383
<b>Amortisation and impairment</b>	
At 1 January 2019	11,625,571
Amortisation charged for the year	3,074,012
At 31 December 2019	14,699,583
<b>Carrying amount</b>	
At 31 December 2019	11,516,800
At 31 December 2018	7,839,585

Amortisation charges for the period are included within administrative expenses in the statement of comprehensive income.

# FLOOD LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2019	1,136,366	4,835,980	838,062	6,810,408
Additions	133,824	409,737	9,484	553,045
Disposals	-	(1,757,529)	(109,313)	(1,866,842)
At 31 December 2019	1,270,190	3,488,188	738,233	5,496,611
<b>Depreciation and impairment</b>				
At 1 January 2019	1,055,068	3,396,572	514,475	4,966,115
Depreciation charged in the year	19,401	743,757	148,187	911,345
Eliminated in respect of disposals	-	(1,757,529)	(109,313)	(1,866,842)
At 31 December 2019	1,074,469	2,382,800	553,349	4,010,618
<b>Carrying amount</b>				
At 31 December 2019	195,721	1,105,388	184,884	1,485,993
At 31 December 2018	81,298	1,439,408	323,587	1,844,293

Included within the net book value of fixtures, fittings and equipment above are assets under construction of £156,521 (2018: £364,737) which are not depreciated.

#### 14 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	5,819,035	5,184,927
Corporation tax recoverable	-	100,000
Amounts owed by group undertakings	27,786,073	21,712,106
Other debtors	917,099	490,677
Prepayments and accrued income	1,132,859	745,087
	35,655,066	28,232,797

Certain balances within amounts owed by group undertakings are unsecured and interest is charged at 10% per annum.

Included within other debtors is an amount of £851,622 (2018: £402,949) in relation to amounts recoverable under the UK government R&D enhanced credit scheme.

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,708,248	2,949,450
Amounts owed to group undertakings	13,546,495	4,735,059
Taxation and social security	632,774	592,239
Other creditors	322,502	215,865
Accruals and deferred income	6,819,599	6,598,845
	<u>25,029,618</u>	<u>15,091,458</u>

Certain balances within amounts owed to group undertakings are unsecured and interest is charged at 10% per annum.

#### 16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>195,460</u>	<u>-</u>

#### 17 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	18	<u>1,160,303</u>	<u>897,664</u>

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2019 £	Liabilities 2018 £
Fixed asset timing differences	1,211,948	925,958
Short term timing differences	(51,645)	(28,294)
	<u>1,160,303</u>	<u>897,664</u>

# FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 18 Deferred taxation (Continued)

	2019 £
<b>Movements in the year:</b>	
Liability at 1 January 2019	897,664
Charge to profit or loss	262,639
Liability at 31 December 2019	<u>1,160,303</u>

The net deferred tax liability set out above relates to fixed asset and other timing differences. The other timing differences deferred tax asset is expected to reverse after more than one year, and the fixed asset timing differences deferred tax liability is expected to reverse over the life of the assets to which it relates.

#### 19 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>1,467,559</u>	<u>2,166,820</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date £193,796 (2018: £166,435) of pension contributions remain unpaid to the scheme and are included within other creditors.

#### 20 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	<u>50,000</u>	<u>50,000</u>

The shares have attached to them full voting dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

# FLOODID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 21 Reserves

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

##### Capital contribution reserve

Capital contributions were in connection with the share-based payment charges on share options granted to the employees of the company over the shares of its parent undertaking, Flooid International Holdings Limited (formerly known as PCMS International Holdings Limited).

Capital contributions are now in connection with the share-based payment charges on shares issued at a discount to market value to the employees of the company over the shares of the ultimate parent undertaking, Flooid Topco Limited (formerly known as Torwood Topco Limited).

#### 22 Operating lease commitments

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

	2019 £	2018 £
Within one year	485,000	480,000
Between one and five years	1,879,014	1,920,000
In over five years	1,214,452	1,852,800
	<u>3,578,466</u>	<u>4,252,800</u>

#### 23 Events after the reporting date

Since 31 December 2019, the spread of COVID-19 has severely impacted local economies around the world, and had a disproportionate effect on certain sectors, including retail, Flooid's key marketplace. The impact and resulting actions taken by the company have been commented upon in the Strategic Report, on pages 2 and 3, and the going concern note, on pages 13 and 14.

#### 24 Related party transactions

A Houldsworth controls 5th Corner Innovations Limited, a company incorporated in England and Wales. During the year ended 31 December 2019, the company incurred charges of £5,616 (2018: £32,905) from 5th Corner Innovations Limited in relation to consultancy services provided. An amount of £5,616 (2018: £29,962) was recharged to Flooid Bidco Limited (formerly known as Torwood Bidco Limited), a fellow subsidiary company of the Flooid Topco Limited group (formerly known as Torwood Topco Limited group). The amount outstanding at the balance sheet date was £1,872 (2018: £nil).

D W Burke, a director of the company during the period, is also a director of Intec Business Solutions Limited. During the year ended 31 December 2019, the company incurred charges, up to the date of resignation, of £111,422 (2018: £267,400) from Intec Business Solutions Limited in respect of business change and support consultancy services. The balance due to Intec Business Solutions Limited as at 31 December 2019 was £nil (2018: £93,500).

All transactions are carried out under normal credit terms.

# **FLOOID LIMITED (FORMERLY KNOWN AS THE PCMS GROUP LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **25 Ultimate controlling party**

The immediate parent company is Flooid Holdings Limited (formerly known as PCMS Holdings Limited), a company incorporated in England and Wales. The ultimate parent undertaking is Flooid Topco Limited (formerly known as Torwood Topco Limited), a company incorporated in England and Wales.

The company is controlled by Inflexion Buyout Fund IV General Partner Guernsey Limited which is the general partner, and fund controller for the Inflexion funds which own the majority voting share capital of Flooid Topco Limited (formerly known as Torwood Topco Limited). The Inflexion Buyout Fund IV (No.1) Limited Partnership individually owns 56.1% of this share capital.

The smallest and largest company which prepares group financial statements which include the results of the company is Flooid Topco Limited (formerly known as Torwood Topco Limited). The results are available to the public and may be obtained from PCMS House, Torwood Close, Westwood Business Park, Coventry, CV4 8HX.