

Intervoice Limited

Report and Financial Statements

31 December 2018



Intervoice Limited

Directors

A Valentine

S Ritchie

Secretary

A G Secretarial Limited

Auditors

Ernst & Young LLP

2 St Peter's Square

Manchester M2 3EY

Bankers

Citibank N.A.

Canada Square, Canary Wharf

London E14 5LB

Registered Office

Trident Business Park

Styal Road

Manchester M22 5XB

Registered No. 2601740

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Results and dividends

The profit for the year after taxation was £269,000 (2017 – £620,000), the directors declared a dividend payment of £Nil in 2018 (2017 - £Nil).

Principal activities and review of the business

Intervoice is a world leader in unified communications, providing scalable, switch-independent software and professional services that power standards-based voice portals, multi-channel IP contact centres, and next-generation mobile-enhanced services; more recently adding intelligence to all its offerings through the provision of a Dynamic Decisioning engine (DDS).

Intervoice assists enterprises and network operators stay competitive by offering their customers 'best-in-class' services. Intervoice is headquartered in Cincinnati, USA with offices in Europe, the Middle East, South America, Africa and Asia-Pacific. With more than 1.5 million ports shipped around the globe and 100+ U.S. patents awarded or pending, Intervoice is a world leader in converged voice and data solutions.

The company's parent undertaking Intervoice Inc. was acquired by Convergys Corporation, another US company on 3rd September 2008, which was subsequently acquired by the SYNnex Corporation on 5th October 2018. By merging into Concentrix CVG Corporation, a wholly owned subsidiary of SYNnex Corporation, the resulting company stands as one of the largest and most innovative providers of voice self-service systems in terms of customer deployments and the second largest player in the multi-channel, customer contact centre industry.

Intervoice Limited has an investment in the German company Intervoice GmbH, being a wholly owned subsidiary that is currently being run as a non-trading company, and retains branches in Netherlands and Dubai.

Intervoice has received numerous awards and broad-based industry recognition over the past 25 years. This recognition includes the company's technology and market share leadership from such well-respected analyst firms as Gartner Group, Frost and Sullivan, and In-Stat/MDR, amongst others. Gartner positioned Intervoice in the Leader Quadrant of its 2005 IVR and Enterprise Voice Portal Report.

Intervoice mission:

Vision statement

People everywhere easily accessing information and services via any channel or device they prefer, and through the most natural interface in the world, their voices.

Mission Statement

Intervoice is a global leader shaping the future of converged communications at every touch point. We deliver measurable results to our customers and optimize their customers' experience through personalized, consistent, and integrated voice and data solutions. These solutions are adaptable and effective in meeting user desires and market demands, everywhere, every time.

Intervoice mission:

Our values

INTER connected... linked... global... personal.

- V – Value creation for our employees, customers, partners, and shareholders.
- O – Optimism and a positive, forward-looking attitude in our thinking and work.
- I – Integrity, honesty and respect in all aspects of our business and relationships.
- C – Collaboration and teamwork with customers, partners and each other.
- E – Excellence, innovation and leadership across everything we do.

Strategic Report (continued)

Principal activities and review of the business (continued)

Intervoice Limited's key financial and other performance indicators during the year were as follows:

	2018 £000	2017 £000
Turnover	8,400	10,844
Profit after tax	269	620
Shareholders' funds	5,691	5,352
Current assets as % of current liabilities	269%	208%
Average number of employees	53	60

Overall 2018 was a relatively successful year for Intervoice despite turnover declining from £10.8m in 2017 to £8.4m in 2018, and profit after tax declining from £0.6m in 2017 to £0.3m in 2018.

The reduction in profitability from £0.6m in 2017 to £0.3m in 2018 was almost entirely due to the lower year over year revenues. Despite the decline in revenue the company was able to minimise the year over year reduction in profit due to its' continued strong control over discretionary spend, particularly travel and entertainment, and its' ability to control headcount. Intervoice also benefited in 2018 from not incurring the same level of adverse one-time costs as it suffered in 2017.

Intervoice saw a small decline in turnover from £10.8m in 2017 to £8.4m in 2018. Intervoice's largest market continues to be the Rest of the World, despite revenues earned falling to £5.2m in 2018, representing 62% of total revenue, compared to £7m and 64% in 2017. The decline in year over year revenue is due to a reduction in S&M revenues of £1m and a reduction in Solutions revenues of £0.8m. The decline in S&M revenue is largely the result of customer churn in our messaging platform caused by low cost competition and a move towards data usage in our African markets, the decline in Solutions revenue is due to the high number of projects that completed in 2017. Our payment platform is still highly competitive in these markets and our ability to remain successful in the region continues to be driven by the company's ability to provide competitive solutions and innovative payment plans, supported by the company's strong accounts receivable processes. This competitive advantage is enhanced by the local knowledge of our sales force based in Dubai and South Africa, and the experience of our professional service team in the African market, which forms the majority of Rest of the World Revenue.

In 2018 Intervoice revenues in the UK/ European markets declined from £3.7m to £3.2m, largely due to lower Solutions revenues. The UK and European market does remain extremely competitive and price sensitive, but we are currently implementing our Voicemail platform in two European tier 1 telecom operators, which gives us the confidence that we can be successful and grow in this market. We continue to explore ways to differentiate ourselves in the market through innovation and our highly experienced and skilled professional services team, and by exploring ways to exploit our digital offerings into our parent company's customers and offerings.

Shareholder's funds increased from £5.4m in 2017 to £5.7m in 2018, and current assets as a percentage of current liabilities remained healthy increasing from 208% in 2017 to 269% in 2018.

Financial risk management

The company's financial instruments comprise cash and liquid resources, balances with company undertakings and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks associated with the group's financial assets and liabilities are set out below.

Credit risk

The company's objective is to reduce the risk of financial loss due to a customer's failure to honour its obligations. Standard payment terms quoted to customers for contracts include a down payment of at least 25% on order, followed by a series of payments on delivery, installation and acceptance of the order, against the full contract value.

Strategic Report (continued)

Financial risk management (continued)

Customer credit limits are monitored to ensure that the company's exposure to bad debts is not significant. Credit control procedures are in place and management endeavour to ensure that orders are not accepted or shipments made to non-creditworthy customers.

Intervoice is however committed to using its strong cash position to develop innovative payment plans, where necessary as a competitive advantage.

Foreign currency risk

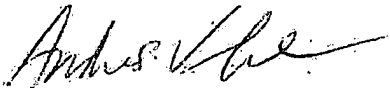
The company has direct investments in operations outside the United Kingdom and also buys and sells goods and services denominated in currencies other than Sterling. As a result the value of the company's non Sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general, and in US Dollar and Euro rates in particular.

The company seeks to mitigate the effect of its currency exposure by holding cash reserves in both US Dollars and Euros. The company does not hedge against currency exposure as management consider that the risks are not significant.

Other risks

Management does not consider that the company has significant exposure to interest rate risk or liquidity risk as it makes no use of bank overdraft facilities or external borrowings.

On behalf of the Board



Andre Valentine
Director

Date: 30/9/19

Registered No. 2601740

Directors' report

The directors present their report for the year ended 31 December 2018.

Dividends

The directors recommend the payment of a dividend for the year of £Nil (2017 – £Nil)

Future developments

Intervoice Limited, has developed and is committed to delivering a roadmap for our C-Mex, Voicemail, Voicemail Lite and CSDL network products, to ensure that our locally developed products remain best in class in an increasingly competitive networks market. The current implementation of our Voicemail platform in two Tier 1 European operators', is further assisting the business in identifying new Voicemail market trends and requirements, which will ensure its' Voicemail platform roadmap remains market leading in the foreseeable future. Due to a move away from voice usage in Africa, and increasing competition from low price foreign competition, the company is focussed on the European market for new Voicemail customer growth, and once it has completed the current Tier 1 implementations the company believes it is in a strong position to capitalise on its' recent success.

Intervoice Limited's CSDL payment platform remains highly competitive in the African market, and the business is actively researching the African market to identify potential new customers. The business is also following a strategy of upgrading its' existing client base to the latest version of the product, to ensure it retains its' base customers and continues to benefit as its' customers grow and expand into new countries

Most of the company's revenues came from its' existing client base, and as such the company proactively maintains a high focus on retaining and growing its' existing client base through continued innovation, high customer engagement, and through the provision of customised best in class support and maintenance, professional services, and solutions to minimise customer churn and maximise growth opportunities.

Globally, Intervoice Inc. is committed to the development of its digital product offerings, which is essential to ensure that its products remain market leading as the pace of technological change continues to accelerate. Intervoice Inc is investing a considerable amount of time and energy in exploring how robotic process automation and speech technologies can deliver efficiencies within the call centre industry, how this can be commercialised, and how to exploit our parent company's call centre customer base and new call centre sales opportunities. Investments are made through a dedicated Convergys Research and Development organisation in the US to ensure that its' digital product offerings, including robotic process automation, satisfy the ever-changing and future market needs.

Intervoice is committed to exploring ways to maximise the benefits of our parent company's global-footprint, and is actively developing relationships with our parent companies sales team to identify potential opportunities for our digital products in their European call centre offerings. As digitalisation becomes increasingly important in our call centre offerings, we see this as an area of huge potential growth, particularly given the recent success of Intervoice Inc in the North American market. Following our acquisition by SYNnex Corporation, and subsequent merger into Concentrix CVG Corporation, our European customer footprint and the overall company focus on digitalisation has increased. This in combination with a growing new business pipeline gives the business the confidence that this is an area of future growth that can be successfully exploited.

Directors

The directors who served the company during the year and thereafter were as follows:

A Farwig	resigned February 2019
S Eveleigh	resigned February 2019
C Christie	resigned February 2019
A Valentine	appointed February 2019
S Ritchie	appointed February 2019

Both S Eveleigh and C Christie remain engaged in the day-to-day management of the business.

Intervoice Limited

Disabled employees

The company gives every consideration to applications for employment from disabled persons where a handicapped or disabled person may adequately cover the requirements of the job.

With regard to existing employees and those who have become disabled during the period, the company has continued to examine ways and means for providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee involvement

During the period the policy of providing employees with information about the group has been continued through staff meetings, and employees have been encouraged to present their suggestions and views on the company's performance.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

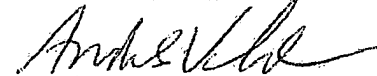
Going Concern

The Directors have prepared the financial statements on a going concern basis. When considering the appropriateness of this assumption, the Directors have taken account of the liquidity position of the company and the repayment terms of the debt due from a fellow group undertaking. The company's ultimate parent undertaking, Convergys CVG Corporation, has provided assurances that it will provide support to allow the company to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Andre Valentine
Director

Date: 30/09/2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Director's 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 judgments and 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 group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Intervoice Limited

Opinion

We have audited the financial statements of Intervoice Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 20, 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Independent auditor's report

to the members of Intervoice Limited (continued)

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 this 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Independent auditor's report

to the members of Intervoice Limited (continued)

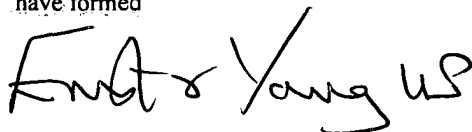
Auditor's responsibilities for the audit of the financial statements

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 <https://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.



Julian Yates (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

Date: 30/9/19

Registered No. 2601740

Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	2	8,400	10,844
Cost of sales		(1,112)	(1,354)
Gross profit		7,288	9,490
Other operating expenses	3	(6,510)	(8,515)
Operating profit	4	778	975
Interest receivable and similar income	7	47	41
Profit on ordinary activities before taxation		825	1,016
Tax	8	(556)	(396)
Profit for the financial year		269	620

All amounts relate to continuing activities.

Statement of Changes in Equity

for the year ended 31 December 2018

	Called up share capital £000	Contribution from parent £000	Profit and loss account £000	Total equity £000
At 1 January 2017	2,500	2,028	128	4,656
Profit for year	-	-	620	620
Total comprehensive income	2,500	2,028	748	5,276
Dividend payment	-	-	-	-
Shared based payment expense	-	76	-	76
At 31 December 2017	2,500	2,104	748	5,352
Profit for year	-	-	269	269
Total comprehensive income	2,500	2,104	1,017	5,621
Dividend payment	-	-	-	-
Shared based payment expense	-	70	-	70
At 31 December 2018	2,500	2,174	1,017	5,691

Intervoice Limited

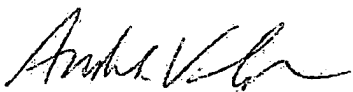
Registered No. 2601740

Statement of Financial Position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	9	970	1,141
Investments	10	17	17
		<u>987</u>	<u>1,158</u>
Current assets			
Stocks	11	125	86
Debtors: amounts falling due within one year	12	3,544	3,095
Debtors: amounts falling due after one year	12	1,701	1,657
Cash at bank and in hand		2,180	3,353
		<u>7,550</u>	<u>8,191</u>
Creditors: amounts falling due within one year	13	<u>(2,808)</u>	<u>(3,946)</u>
Net current assets		<u>4,742</u>	<u>4,245</u>
Total assets less current liabilities		<u>5,729</u>	<u>5,403</u>
Provisions for liabilities	14	<u>(38)</u>	<u>(51)</u>
Net assets		<u>5,691</u>	<u>5,352</u>
Capital and reserves			
Called up share capital	15	2,500	2,500
Contribution from parent		2,174	2,104
Profit and loss account		<u>1,017</u>	<u>748</u>
Equity shareholders' funds		<u>5,691</u>	<u>5,352</u>

These financial statements were approved by the board on 30th September, and were signed on its behalf by



Andre Valentine

Director

Date: 30/09/2019

Registered No. 2601740

Notes to the financial statements

at 31 December 2018

1. Accounting policies

Basis of preparation

Intervoice limited (the "Company") is a company limited by shares and incorporated in England and Wales. The registered office is Trident Business Park, Styal Road, Manchester M22 5XB.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £'000.

The Company's ultimate parent undertaking, SYNnex Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of SYNnex Corporation are available to the public and may be obtained from the address in note 20. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis, and on a going concern basis. When considering the appropriateness of this assumption, the Directors have taken account of the liquidity position of the company and the repayment terms of the debtor due from a fellow group undertaking. The company's ultimate parent undertaking, Convergys CVG Corporation, has provided assurances that it will provide support to allow the company to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The company, as a lessee, obtains use of plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires a liability to be recognised in the statement of financial position.

The following are the company's key sources of estimation uncertainty:

Taxation

Estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timings and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further information is given in note 8.

Notes to the financial statements

at 31 December 2018

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements over period of the lease
- Fixtures and fittings over three years straight line – 33% per annum
- Plant and equipment over three years straight line – 33% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2018

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on purchase cost on a first-in, first-out basis for raw materials and work-in-progress.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Amounts recoverable on long-term contracts, which are included in trade debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred, net of amounts transferred to cost of sales, plus provision for contingencies and anticipated future losses on contracts are included as long-term contract balances in stock.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax 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. The recoverable amount of an asset or 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 the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes to the financial statements

at 31 December 2018

1 Accounting policies (continued)

Warranty

The company accrues an allowance for future warranty services, parts replacement and fault recognition during the warranty period.

Research & Development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The cost of equity-settled transaction with employees is measured by reference to the fair value at the date at which they are granted, and is recognised as an expense over the vesting period. In all cases, the equity is in the ultimate parent company, SYNnex Corporation, and thus the expense charged in the financial statements of the company is a "pass-down" charge as per guidance in section 26 of FRS 102.

Fair value for restricted stock units issued is determined by the share price on the date of grant of the award.

No expense is recognised for awards that do not ultimately vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of likely achievement of the vesting conditions (continuing employment through to vesting date). The movement in the cumulative expense is recognised as a cost in the statement of comprehensive income, with the corresponding entry going to profit and loss account reserves.

Turnover

Turnover is the total amount receivable by the Company for services provided, excluding VAT and trade discounts. The Company supplies services to customer under contractual relationships. Under these contracts, revenue is recognised on performance by the Company of all contractual obligations. Where contracts require performance of a number of different services, the contract is accounted for as two or more separate transactions only where the commercial substance is that the individual components operate independently of each other.

Notes to the financial statements

at 31 December 2018

1 Accounting policies (continued)

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the financial statements

at 31 December 2018

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2018 £000	2017 £000
United Kingdom	1,385	2,119
Other European countries	1,810	1,744
Rest of the world	5,205	6,981
	<u>8,400</u>	<u>10,844</u>

3. Other operating expenses

	2018 £000	2017 £000
Selling and marketing costs	1,680	2,205
Administrative expenses	1,005	1,779
Other operating charges	3,825	4,531
	<u>6,510</u>	<u>8,515</u>

Notes to the financial statements

at 31 December 2018

4. Operating profit

This is stated after charging:

	2018 £000	2017 £000
Auditors' remuneration – audit fees	88	87
– taxation services	28	42
Depreciation of tangible fixed assets	168	142
Operating lease rentals – plant and machinery	11	12
– land and buildings	225	319

5. Directors' remuneration

	2018 £000	2017 £000
Remuneration	658	535
Company contributions paid to money purchase pension scheme	22	22

	No.	No.
Members of money purchase pension scheme	2	2
Directors who exercised share options	-	-

The amounts in respect of the highest paid director are as follows:

	2018 £000	2017 £000
Remuneration	508	420
Company contributions paid to money purchase scheme	15	15

A Farwig did not receive any remuneration for his services in either the current or prior period, and was remunerated through another group company. As A Farwig spends an insignificant proportion of his time on Intervoice his remuneration is excluded from the analysis.

6. Staff costs

	2018 £000	2017 £000
Wages and salaries	3,479	4,204
Social security costs	376	387
Other pension costs (note 16)	216	228
Share based payments (note 17)	70	76
	4,141	4,895

Notes to the financial statements

at 31 December 2018

6. Staff Costs (continued)

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

	No.	No.
Production and design	40	41
Sales and marketing	9	12
Administration	4	7
	<u>53</u>	<u>60</u>

7. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from fellow group undertaking	41	40
Other interest receivable and similar income	6	1
	<u>47</u>	<u>41</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018 £000	2017 £000
Current tax:		
UK corporation tax on the profit for the year	157	195
	<u>157</u>	<u>195</u>
Foreign tax expensed	418	410
Double taxation relief	(148)	(187)
Under /over provision in respect of prior years – UK tax	-	(40)
Under /over provision in respect of prior years – Foreign tax	108	-
Current tax charge for year	<u>535</u>	<u>378</u>
Deferred tax:		
Deferred tax movements (note 8(c))	21	18
Total tax charge on profit on ordinary activities (note 8(b))	<u>556</u>	<u>396</u>

Notes to the financial statements

at 31 December 2018

8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	825	1,014
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	157	195
<i>Effects of:</i>		
Expenses not (deductible) / not deductible for tax purposes	14	12
Adjustments to tax charge in respect of previous years – corporation tax	108	(40)
Double tax relief	(148)	(187)
Foreign tax expensed	418	410
Deferred tax adjustments in respect of previous years	7	6
Total tax charge for year (note 8 (a))	556	396

(c) Deferred tax

	£000
At 1 January 2018 (note 12)	62
Profit and loss account movement – arising (note 8(a))	(21)
At 31 December 2018 (note 12)	41

Deferred taxation asset comprises:

	2018 £000	Recognised 2017 £000
Excess of tax allowances over book depreciation	36	54
Timing differences	5	8
	41	62

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) have been enacted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the times are expected to reverse, and as such 17% has been used to value the deferred tax assets.

Notes to the financial statements

at 31 December 2018

9. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Plant and equipment</i>	<i>Construction in progress</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2018	996	-	983	-	1,979
Additions	-	-	1	-	1
Disposals	-	-	(6)	-	(6)
At 31 December 2018	996	-	978	-	1,974
Depreciation:					
At 1 January 2018	85	-	753	-	838
Charge for the year	103	-	65	-	168
Disposals	-	-	(2)	-	(2)
At 31 December 2018	188	-	816	-	1,004
Net book value:					
At 31 December 2018	808	-	162	-	970
At 1 January 2018	911	-	230	-	1,141

10. Investments

	2018	2017
	£000	£000
Investment in subsidiary undertakings at cost	17	17

The company has an investment in the following subsidiary undertaking: -

	<i>Country of incorporation</i>	<i>Principal activity and country of operation</i>	<i>Description and proportion of shares held by the company</i>
Intervoice GmbH	Germany	Non-Trading	50,000 ordinary shares, 100%

Notes to the financial statements

at 31 December 2018

11. Stocks

The following are included in the net book value of stocks:

	2018 £000	2017 £000
Raw materials and consumables	80	31
Work-in-progress (on long term contracts)	45	55
	<u>125</u>	<u>86</u>

12. Debtors

	2018 £000	2017 £000
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Amounts falling due within one year:

Trade debtors	1,352	863
Amounts recoverable on contracts	1,431	1,602
Amounts owed by group undertakings	151	151
Prepayments and accrued income	486	417
Corporation tax recoverable	83	-
Deferred tax (note 8(c))	41	62
	<u>3,544</u>	<u>3,095</u>

Amounts falling due in more than one year:

Amounts owed by group undertakings	1,701	1,657
	<u>1,701</u>	<u>1,657</u>

Total Debtors

	<u>5,245</u>	<u>4,752</u>
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13. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	229	79
Amounts owed to group undertakings	1,272	2,389
Other taxes and social security	617	464
Accruals and deferred income	690	1,014
	<u>2,808</u>	<u>3,946</u>

Notes to the financial statements

at 31 December 2018

14. Provisions for liabilities

<i>Company</i>	<i>Warranty provision £000</i>	<i>Total £000</i>
At 1 January 2018	51	51
Arising	38	38
Utilised	(51)	(51)
At 31 December 2018	<u>38</u>	<u>38</u>

Warranty provision

A provision is recognised for expected warranty claims on products sold during the last 12 months. It is expected that this provision will be fully utilised within twelve months of the balance sheet date.

15. Issued share capital

<i>Authorised, allotted, called up and fully paid</i>	<i>No.</i>	<i>2018 £000</i>	<i>No.</i>	<i>2017 £000</i>
Ordinary shares of £1 each	2,500,000	<u>2,500</u>	2,500,000	<u>2,500</u>

16. Pensions

The company maintains a money purchase pension scheme whereby employee and employer contributions are determined by the employee's age. Contributions required under this plan are as follows:

<i>Age</i>	<i>Employee Contribution</i>	<i>Employer Contribution</i>
20 to 34	4%	5%
35 to 44	5%	6%
Over 44	6%	9%

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year was £216,000 (2017 – £228,000). Unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 13) are £24,000 (2017 – £23,000).

17. Share-based payments

Restricted stock units

The expense recognised for equity settled share based payments in respect of employee services received during the year to 31 December 2018 was for group and company £70,000 (2017 – £76,000). This balance relates to restricted stock units.

Restricted stock units are awarded to incentivise certain key employees or directors and are subject to either time based vesting only or performance and time based vesting. Performance conditions are based on the financial performance of the Company. Vested restricted stock units give the employee the right to acquire shares in the ultimate parent undertaking for nil cost and the fair value is equal to the share price at the date of grant.

Notes to the financial statements

at 31 December 2018

17. Share-based payments (continued)

Unexercised restricted stock units at the year end:

	RSU price	At 1 January 2018	Awarded during the year	Exercised during the year	Cancelled during the year	At 31 Dec. 2018
Performance Based	22.10	1,494	-	1,225	269	-
Time Based	22.10	1,516	-	1,516	-	-
Time Based	23.89	1,256	-	1,256	-	-
Performance Based	26.34	1,191	-	-	1,191	-
Time Based	26.34	1,813	-	604	1,209	-
Performance Based	23.81	1,470	-	-	1,470	-
Time Based	23.81	2,268	-	566	1,702	-
Performance Based	23.81	-	1,440	-	1,440	-
Time Based	23.81	-	2,428	-	2,428	-
Total		11,008	3,868	5,167	9,709	-

All restricted stock units were awarded on 13 August 2018 (2015 – 23 February 2015 and 11 May 2015, 2016 – 1st March 2016, 2017 – 14 August 2017).

After SYNnex Corporation acquired Convergys Corporation by merging into Concentrix CVG Corporation (on October 5, 2018), the share plan program for the legacy Convergys employees ended. The outstanding and unvested RSU awards in the Convergys Long Term Incentive Plan (LTIP) as of October 5, 2018 were converted into a cash award based on the value of the merger consideration (at \$24.76 per share). These cash awards vest and will be paid as follows: Cash in respect of awards granted prior to March 31, 2016 vested and were paid via local payroll following the closing of the transaction, and Cash in respect of awards granted on or after March 31, 2016 will, subject to continued employment, vest and be paid on the regularly scheduled vesting dates, subject to the terms of the award agreement.

18. Other financial commitments

At 31 December 2018 the company had total commitments under non-cancellable operating leases as set out below:

	2018		2017	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	274	11	275	14
In two to five years	704	-	704	14
After five years	-	-	1,242	-
	978	11	2,221	28

19. Related party transactions

The company has taken advantage of the exemption in FRS 102 and has not disclosed transactions with group undertakings.

There were no other related party transactions.

Notes to the financial statements

at 31 December 2018

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Brite Voice Systems Inc. On October 5, 2018, SYNEX Corporation acquired Convergys Corporation by merging into Concentrix CVG Corporation, a wholly owned subsidiary of SYNEX Corporation (NYSE: SNX). The ultimate parent undertaking and controlling party is SYNEX Corporation which is registered in the United States. SYNEX Corporation is located at 44201 Nobel Drive, Fremont, California 94538.

The largest and smallest group in which the results of the Company are consolidated is that headed by SYNEX Corporation, incorporated in the United States. No other group financial statements include the results of the Company. The consolidated financial statements of SYNEX Corporation are available to the public.