

**OAK INTRANET LIMITED
(PREVIOUSLY KNOWN AS
ORCHIDSOFT LIMITED)**

Filleted Audited Financial Statements

For the period ended

30 June 2018



OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Directors' Report

Period from 1 April 2017 to 30 June 2018

The directors present their report and the audited financial statements of the company for the period ended 30 June 2018.

Principal activities

The principal activity of the company during the period was the development and sale of intranet software.

Business review

During the year we continued to grow our Oak intranet SaaS business following the launch of Oak in December 2015.

To facilitate and accelerate the roll out of Oak we raised £2.7 million during the period, in debt and equity, from our existing investors, NorthStar, alongside new investors, Maven Capital Partners and Finance Durham.

We are confident that with continued product development and enhanced marketing effort Oak will be a dominant global employee engagement platform within a short timeframe.

Change of Name

The company was formerly registered under the name of Orchidsoft Limited and on the 21 March 2019 the company changed its name to Oak Intranet Limited.

Directors

The directors who served the company during the period were as follows:

Mr A Sood	
Mr M J Rooks	
Mr S S Ryatt	
Mr D R T Thompson	
Mr A L Willis	
Mr N Bearpark	
A Buchan	(Appointed 11 June 2018)
Mr N Francis	(Resigned 11 June 2018)
Mr G Weir	(Resigned 1 April 2017)
Mr N K Pendlington	(Resigned 1 April 2017)
Mr M Benn	(Resigned 1 April 2017)
A Marsh	(Served from 11 June 2018 to 27 March 2019)
M Vassallo	(Appointed 27 March 2019)

Other matters

During the period the company changed its financial period end from the year ended 31 March 2018 to the 15 months ended 30 June 2018.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Directors' Report *(continued)*

Period from 1 April 2017 to 30 June 2018

Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

This report was approved by the board of directors on 27 March 2019 and signed on behalf of the board by:



Mr N Bearpark
Director

Registered office:
Unit 4 Bankside
The Watermark
Gateshead
Tyne and Wear
NE11 9SY

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Directors' Responsibilities Statement

Period from 1 April 2017 to 30 June 2018

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

Company law requires the directors to prepare audited financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the profit or loss of the company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 audited 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Statement of Financial Position

30 June 2018

	Note	30 Jun 18 £	31 Mar 17 (restated) £
Fixed assets			
Intangible assets	6	2,554,983	2,340,228
Tangible assets	7	32,085	53,584
		<u>2,587,068</u>	<u>2,393,812</u>
Current assets			
Work in progress		–	17,265
Debtors	8	614,419	532,682
Cash at bank and in hand		<u>1,749,872</u>	<u>258,196</u>
		<u>2,364,291</u>	<u>808,143</u>
Creditors: amounts falling due within one year	9	<u>1,756,992</u>	<u>941,279</u>
Net current assets/(liabilities)		<u>607,299</u>	<u>(133,136)</u>
Total assets less current liabilities		<u>3,194,367</u>	<u>2,260,676</u>
Creditors: amounts falling due after more than one year	10	<u>1,606,095</u>	<u>900,000</u>
Provisions		<u>145,691</u>	<u>157,767</u>
Net assets		<u><u>1,442,581</u></u>	<u><u>1,202,909</u></u>
Capital and reserves			
Called up share capital	14	15,736	11,537
Share premium account		1,640,658	575,463
Profit and loss account		<u>(213,813)</u>	<u>615,909</u>
Shareholders' funds		<u><u>1,442,581</u></u>	<u><u>1,202,909</u></u>

These audited financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These audited financial statements were approved by the board of directors and authorised for issue on 27 March 2019, and are signed on behalf of the board by:



Mr N Bearpark
Director

Company registration number: 03734477

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements

Period from 1 April 2017 to 30 June 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 4 Bankside, The Watermark, Gateshead, Tyne and Wear, NE11 9SY.

2. Statement of compliance

These audited financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The audited financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The audited financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the directors and shareholder.

If this basis proved to be invalid, the financial statements would have to be prepared on a breakup basis in which the balance sheet would be restated to include all assets at estimated realisable values and all liabilities would become current and would have to be increased to include those liabilities contingent on the company ceasing to trade.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102A.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue on the sale of software services is recognised from the date on which the services are first provided. Where services are invoiced in advance revenue is deferred so as to spread the revenue recognised over the life of the contract.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs	-	20% straight line
Domain names	-	10% straight line

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

3. Accounting policies *(continued)*

Amortisation *(continued)*

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 33% straight line
Fixtures and fittings	- 33% straight line
Office and IT equipment	- 33% straight line

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements (continued)

Period from 1 April 2017 to 30 June 2018

3. Accounting policies (continued)

Depreciation (continued)

Depreciation rates have been changed during the year as follows:

Fixtures and fittings and Office and IT equipment from 33% reducing balance basis to 33% straight line. Plant and Equipment has changed from 25% reducing balance to 33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Work in progress

Where the substance of a contract is that the contractual obligations are performed gradually over time, revenue is recognised as contract activity progresses to reflect the partial performance of our contractual obligations. The amount of revenue included reflects the accrual of the right to consideration as contract activity progresses by reference to value of the work performed.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Staff costs

The average number of persons employed by the company during the period amounted to 42 (year to 31 March 2017: 39).

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

4. Staff costs *(continued)*

The aggregate employment costs incurred during the period were:

	Period from 1 Apr 17 to 30 Jun 18	Year to 31 Mar 17 <i>(restated)</i>
	£	£
Wages and salaries	1,086,169	694,291
Other pension costs	16,088	15,477
	<u>1,102,257</u>	<u>709,768</u>

The above staff costs are stated after allocating £1,074,563 (2017 - £893,338) to capitalised development costs.

5. Tax on loss

Major components of tax income

	Period from 1 Apr 17 to 30 Jun 18	Year to 31 Mar 17 <i>(restated)</i>
	£	£
Current tax:		
UK current tax income	(307,983)	(202,868)
Deferred tax:		
Origination and reversal of timing differences	(12,076)	140,239
Tax on loss	<u>(320,059)</u>	<u>(62,629)</u>

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements (continued)

Period from 1 April 2017 to 30 June 2018

6. Intangible assets

	Development costs £	Domain names £	Total £
Cost			
At 1 April 2017 (as restated)	2,879,570	46,549	2,926,119
Additions	–	239	239
Additions from internal developments	1,074,563	–	1,074,563
At 30 June 2018	3,954,133	46,788	4,000,921
Accumulated amortisation			
At 1 April 2017	585,891	–	585,891
Charge for the period	854,213	5,834	860,047
At 30 June 2018	1,440,104	5,834	1,445,938
Carrying amount			
At 30 June 2018	2,514,029	40,954	2,554,983
At 31 March 2017	2,293,679	46,549	2,340,228

7. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Office and IT equipment £	Total £
Cost				
At 1 April 2017 (as restated)	23,387	250,934	–	274,321
Additions	–	1,195	6,797	7,992
Disposals	–	(5,370)	–	(5,370)
Write offs	(22,782)	(197,955)	–	(220,737)
At 30 June 2018	605	48,804	6,797	56,206
Accumulated depreciation				
At 1 April 2017	22,782	197,955	–	220,737
Charge for the period	605	22,100	1,416	24,121
Write offs	(22,782)	(197,955)	–	(220,737)
At 30 June 2018	605	22,100	1,416	24,121
Carrying amount				
At 30 June 2018	–	26,704	5,381	32,085
At 31 March 2017	605	52,979	–	53,584

OAK INTRANET LIMITED

(PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

8. Debtors

	30 Jun 18	31 Mar 17 (restated)
	£	£
Trade debtors	288,901	183,017
Other debtors	325,518	349,665
	<u>614,419</u>	<u>532,682</u>

9. Creditors: amounts falling due within one year

	30 Jun 18	31 Mar 17 (restated)
	£	£
Bank loans and overdrafts	59,659	17,951
Trade creditors	66,080	18,141
Accruals	32,634	220,594
Social security and other taxes	206,022	54,897
Director loan accounts	10,200	57,679
Deferred income	1,245,258	569,400
Other creditors	137,139	2,617
	<u>1,756,992</u>	<u>941,279</u>

10. Creditors: amounts falling due after more than one year

	30 Jun 18	31 Mar 17 (restated)
	£	£
Director loan accounts	33,947	—
Other loans	1,572,148	900,000
	<u>1,606,095</u>	<u>900,000</u>

The loans are secured by separate debentures giving a fixed and floating charge over the company.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements (continued)

Period from 1 April 2017 to 30 June 2018

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	30 Jun 18	31 Mar 17 (restated)
	£	£
Included in provisions	<u>145,691</u>	<u>157,767</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Jun 18	31 Mar 17 (restated)
	£	£
Accelerated capital allowances	422,422	389,057
Unused tax losses	(228,089)	(190,851)
Unused tax credits	(47,555)	(40,439)
Deferred tax - other	<u>(1,087)</u>	<u>—</u>
	<u>145,691</u>	<u>157,767</u>

12. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	30 Jun 18	31 Mar 17 (restated)
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets measured at undiscounted amounts receivable	<u>2,037,339</u>	<u>441,213</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at undiscounted amounts payable	<u>307,057</u>	<u>95,943</u>
Loan commitments measured at cost less impairment		
Loan commitments measured at cost less impairment	<u>1,572,148</u>	<u>900,000</u>

Financial assets that are debt instruments measured at undiscounted amounts receivable comprise cash at bank and in hand and trade debtors.

Financial liabilities that are debt instruments measured at undiscounted amounts payable comprise trade creditors, wages payable, credit card creditors and pension commitments.

Loan commitments measured at cost less impairment comprise loans which have debentures.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements (continued)

Period from 1 April 2017 to 30 June 2018

13. Prior year adjustments

Income and expenditure has been overstated in the prior year due to late credit notes. These have been restated in the year end 31 March 2017. The impact of the prior year adjustment has resulted in a reduction in income by £42,294 and increase accruals by £42,294 and a reduction in other operating expenses by £6,554 and increase prepayments by £6,554.

VAT liability has been understated in prior periods due to the incorrect treatment of VAT on a cash basis. The impact of this has been an increase in other operating expenses of £48,292.

Deferred taxation charge has been understated in the prior year due to the change in accounting policy with regard to capitalisation of R&D costs. The impact of this is an increase in deferred taxation liability of £140,239.

The amortisation of intangibles has been overstated in the prior year due to a change in the accounting treatment of amortisation on costs capitalised in the year. The impact of this is a decrease in amortisation costs of £89,334 and increase in intangible assets.

14. Called up share capital

Issued, called up and fully paid

	30 Jun 18		31 Mar 17 (restated)	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary A shares of £0.01 (2017 - £1) each	2,394	24	1,537	1,537
Ordinary B shares of £1 each	5,712	5,712	–	–
	<u>18,106</u>	<u>15,736</u>	<u>11,537</u>	<u>11,537</u>

The number of shares outstanding at the period end date for all other classes of shares is consistent with the prior year.

15. Operating leases

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

	30 Jun 18	31 Mar 17 (restated)
	£	£
Not later than 1 year	23,940	20,400
Later than 1 year and not later than 5 years	109,374	185,622
	<u>133,314</u>	<u>206,022</u>

16. Summary audit opinion

The auditor's report for the period ended 30 June 2018 was unqualified.

The senior statutory auditor was Michael Jeffrey for and on behalf of PricewaterhouseCoopers LLP.

OAK INTRANET LIMITED (PREVIOUSLY KNOWN AS ORCHIDSOFT LIMITED)

Notes to the Audited Financial Statements *(continued)*

Period from 1 April 2017 to 30 June 2018

17. Directors' advances, credits and guarantees

During the period/year the directors entered into the following advances and credits with the company:

30 Jun 18				
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr A Sood	(57,679)	—	13,532	(44,147)

31 Mar 17				
	Balance brought forward	Credits to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr A Sood	35,628	(100,000)	6,693	(57,679)