

DXS International plc

Annual Report

Year Ended April 2018

COMPANY NO 6311313

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CHAIRMAN'S REPORT

Although the revenue for the year 2017-2018 was broadly in line with 2017, the profit, after writing off £445,000 of prior year's R&D expenditure, was £148,821. Revenues for the year were affected by Government cuts in spending and its effects on GPSoC2. GPSoC2, the nationally funded framework where DXS is accredited, ends in 2019. DXS anticipates beginning the tendering process for GPSoC3 in October 2018. The NHS are committed to ensuring that GPSoC3 is more flexible with pricing and suppliers being able to modularise their product offerings. It is our intention to add the new DXS solutions described above to the GPSoC3 catalogue ensuring that they too will be centrally funded.

Nevertheless, the group invested over £1 million into R&D in the year. As noted below, we believe this has been worthwhile as we are receiving extremely positive endorsement and, with the first pilots now live, are gearing up for an aggressive growth period over the next 3-4 years.

DXS is proud to announce that two of its key new products have finally gone live in August 2018. Although this is 12 months later than anticipated, initial customer response is good.

The DXS solutions comprise new clinician and patient facing modules. The patient facing module provides the patient with the DXS MyVitalCare app which facilitates remote updates to his / her personal health record on the GP system. When a patient is formally diagnosed, the clinician facing module enables nurses to prescribe in compliance with the correct guidelines

Our traditional offering, DXS Point of Care, is being enhanced with new features and functionality and we believe this too will give us a competitive edge and solid growth over the next 3-year period.

I take this opportunity to once again thank the DXS staff for their positive and pro-active contribution to the business. The company is well poised to exploit its significant developments and we look forward to one of the most exciting periods ahead.

Yours sincerely,



23rd August 2018

Bob Sutcliffe
Chairman

DIRECTORS

Dr Robert Sutcliffe (69) – Non-Executive Chairman

Bob Sutcliffe is a Chartered Accountant who has strong financial and leadership skills, developed in both public and private sectors. His roles have included Finance Director, Commercial Director, Managing Director, Chief Executive and Chairman. More recently he has used his experience as an interim executive, managing change processes and turnaround.

David Immelman (62) - Founder & CEO

David is the founder of DXS. An entrepreneur by nature, David has initiated a number of businesses in the information, technology and communication sectors. He was a founding member of a diverse South African communication group with a range of media subsidiaries and holdings. For the past 11 years, David has dedicated himself to building DXS.

Steven Bauer (46) - Sales Director

Following his various Sales Management roles, Steven joined DXS at its inception. Steven trained in the life sciences, is a holder of the CIM Professional Postgraduate Diploma in Marketing and Pharma Mini-MBA, and manages the UK business. Steven has built DXS UK from inception to its position today, including managing relationships with clinical system suppliers, content providers and all UK customers. Steven brings significant experience in pharmaceutical promotion and electronic media to the DXS group.

ADVISORS AND BANKERS

Secretary and Registered Office

Colin Morgan
119 St Mary's Road
Market Harborough
Leicestershire
LE16 7DT

Auditors

Luckmans Duckett Parker Limited
1110 Elliot Court
Coventry Business Park
Herald Avenue
West Midlands
Coventry
CV5 6UB

Business and Trading Address

Wrecclesham House
Wrecclesham Road
Farnham
Surrey
GU10 4PS

Solicitors

Kidd Rapinet
29 Harbour Exchange Square
London
E14 9GE

Corporate Advisors

City & Merchant
Level 17, Dashwood House
69 Old Broad Street
London
EC2M 1QS

Bankers

National Westminster Bank plc
1 Princes Street
London
EC2R 5PA

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 April 2018. The Chairman's statement which is included in this report includes a review of the achievements of the Company, the trading performance, financial position and trading prospects.

Directors

The directors for the year were:

D Immelman – CEO

S Bauer – Sales Director

B Sutcliffe – Chair

Principal Activities

The group's principal activities during the period were the development and distribution of clinical decision support to General Practitioners, Nurses and Retail Pharmacies in the United Kingdom and South Africa. The commercial side included the licensing of DXS to various CCG's, the sale of e-detailing opportunities to the pharmaceutical industry, the UK Primary Care sector and the licensing of DXS technology to healthcare publishers.

Principal Risks

Failure to achieve predicted quantities of DXS contracts, and slower development of additional revenue streams may result in revenues growing more slowly than anticipated. These may be mitigated due to a more price and budget flexible GPSoc3 (new centrally funded supplier contract) anticipated to be implemented in 3-4th QTR of 2019.

Financial Instruments

At this stage the group is not faced with risk relating to interest rates on loans, credit and liquidity.

Dividend

The Directors do not recommend a dividend.

Research and Development

The group continues to invest in research and development both locally and internationally and during this financial year has invested £1,039,687 into R&D for the introduction, continuation and completion of a number of new DXS solutions. These are mainly targeted at providing clinicians and patients with solutions to long term conditions. These products are aligned with the NHS strategy of "Connected Care" and the first turnkey hypertension solution is live.

Directors' Responsibilities

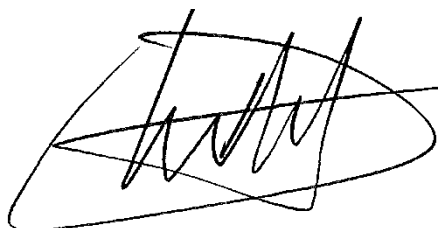
The directors are responsible for preparing the financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether UK accounting principles 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 the business.

The directors are responsible for keeping proper 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.

The directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board and signed on its behalf by:



DA Immelman

Director

23rd August 2018

STRATEGIC REPORT

Review of the company's business

The company's profit after tax is £148,821. The pre-tax Loss (2017- Profit) before tax amounts to £46,152 (2017- £38,832) . The company has a credit of £194,973 for UK Corporation Tax (2017 - £185,290) for the year.

The results for the year were as anticipated due to the significant level of investment in R&D during the year of over £1,000,000. The decrease of turnover by 0.6% over that in 2017 was mainly due to market changes within the healthcare sector.

While pursuing our growth strategy during the past year we continued investing in R&D to ensure that momentum on our Long Term Care solutions has been maintained. With some of these key projects recently gone live, the forecast sales for 2018/19 are higher than those for the current year.

It is clear that our vision and development goal established more than five years ago is proving to be aligned with the ever changing healthcare landscape in the UK and globally.

Principal risks and uncertainties'

The principal risk to the company is that the NHS dramatically changes its plans or cuts its budgets. However this seems unlikely as the NHS is moving to the centrally funded GPSoC3, (DXS is currently an approved supplier on GPSoC 2) and the NHS are committed to see this new initiative resolve previous problems. This includes improved budgets and pricing with far more flexibility for suppliers to operate within the framework.

Analysis of Business during Year Ending April 2018

Revenue was marginally below expectations largely due to NHS changes and budget cuts. The NHS finally agreed that DXS is no longer required to pay royalties to the Clinical System Suppliers in respect of NHS revenue. This will equate to a saving of 10% of revenue generated through the EMIS clinical system. The staff headcount, including outside contractors is approximately 81 and this is considered sufficient for current requirements.

Financial KPI

- Group Revenue £3,406,976 has decreased 0.6%. Definition: Total Group sales including distribution of clinical decision support to General Practitioners and the licensing of DXS to CCGs and healthcare publishers.
- Underlying Group Profit After Tax has declined slightly. Definition: Underlying profit provides information on the underlying performance of the business adjusting for either income or charges which are both one off or significant.
- Amortisation of deferred Research and Development expenditure in 2018 was £445,267 and in 2017 was £364,426.
- Earnings Per Share 2018 0.4p, 2017 0.7p. Definition: Earnings per share is the underlying profit divided by the average number of ordinary shares in issue.



- ROE 2018 7%, 2017 12%. Definition: Return on Equity (ROE) is the ratio of net profit of a company to its shareholders funds. It measures the profitability of a company by expressing its net profit as a percentage of its shareholders funds.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D Immelman', enclosed within a hand-drawn rectangular box.

23rd August 2018

D Immelman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DXS INTERNATIONAL PLC

Opinion

We have audited the financial statements of DXS International PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 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 group's and of the parent company affairs as at 30 April 2018 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the

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

Auditors' responsibilities for the audit of the financial statements

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

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

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 a Report of the Auditors 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.



Steven Twigger FCCA ACA (Senior Statutory Auditor)

for and on behalf of Luckmans Duckett Parker Limited

Chartered Accountants

Statutory Auditors

1110 Elliott Court

Herald Avenue

Coventry Business Park

Coventry

West Midlands

CV5 6UB

Date: 30th August 2018

FINANCIAL STATEMENTS

DXS INTERNATIONAL PLC.

Income Statement

Year ended 30 April 2018

		2018	2017
		Continuing	Continuing
		Operations	Operations
	Note	£	£
Turnover	2	3 406 976	3 428 632
Cost of sales		(470 824)	(468 092)
Gross Profit		2 936 152	2 960 540
Administration costs		(2 506 575}	(2 580 606)
Depreciation and Amortisation	6	(445 267)	(364 426)
Operating (loss)/ profit	3-5	(15 690)	15 508
Interest received and similar income		9 329	2 642
		(6 361)	18 150
Interest payable and similar expenses	7	(39 791)	20 682
(loss)/Profit on ordinary activities before taxation		(46 152)	38 832
Tax on (Loss)/Profit on ordinary activities	8	194 973	185 290
Profit for the year		148 821	224 122
		=====	=====
Profit per share-	21		
- basic		.4p	.7p
- fully diluted		.3p	.6p
		=====	=====

The notes on Page 16 to Page 31 form part of these accounts

DXS INTERNATIONAL PLC.

Statement of Other Comprehensive income

Year ended 30 April 2018

	2018	2017
	£	£
Profit for the year	148 821	224 122
Other comprehensive income	-	-
Tax on components of other comprehensive income	-	-
	-----	-----
Total comprehensive income for the year	148 821	224 122
	=====	=====

The notes on Page 16 to Page 31 form part of these accounts

DXS INTERNATIONAL PLC.

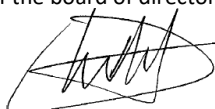
Statement of Financial Position

Year ended 30 April 2018

		Group 2018	Group 2017	Company 2018	Company 2017
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10	3 057 575	2 460 085	-	-
Tangible assets	11	4 735	3 253	-	-
Investments	12	-	-	1 381 301	1 364 818
		-----	-----	-----	-----
		3 062 310	2 463 338	1 381 301	1 364 818
Current assets		-----	-----	-----	-----
Debtors: amounts falling due within one year	13	1 484 870	1 298 045	40 550	43 934
Debtors: amounts falling due after more than one year.	14	58 500	96 550	-	27 783
Cash at bank and in hand		140 012	165 736	1 728	2 091
		-----	-----	-----	-----
		1 683 382	1 560 331	42 278	73 808
Creditors: amounts falling due within one year	15	(997 441)	(1 044 809)	(18 219)	(17 872)
		-----	-----	-----	-----
Net current assets		685 941	515 522	24 059	55 936
		-----	-----	-----	-----
Total assets less current liabilities		3 748 251	2 978 860	1 405 360	1 420 754
Creditors					
Amounts falling due after more than one year	16	(539 251)	(97 849)	-	-
Accruals and Deferred income	17	(1 169 217)	(990 049)	-	-
		-----	-----	-----	-----
		2 039 783	1 890 962	1 405 360	1 420 754
		=====	=====	=====	=====
Capital and reserves					
Called up share capital	18	110 174	110 174	110 174	110 174
Share premium		1 639 523	1 639 523	1 639 523	1 639 523
Provision for costs of share option awards		162 580	162 580	162 580	162 580
Retained earnings		127 506	(21 315)	(506 917)	(491 523)
		-----	-----	-----	-----
Shareholders' funds		2 039 783	1 890 962	1 405 360	1 420 754
		=====	=====	=====	=====

The financial statements were approved and authorised for issue by the Board on
Signed on behalf of the board of directors

D Immelman



Director

S Bauer



Director

Date 29th August 2018

Company registration number: 6311313

The notes on Page 16 to Page 31 form part of these accounts

DXS INTERNATIONAL PLC.
Statement of Changes in Equity
Year ended 30 April 2018
Group

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
At 30 April 2016	110 174	(245 437)	1 639 523	162 580	1 666 840
Share issue	-	-	-	-	-
Profit for the year	-	224 122	-	-	224 122
	-----	-----	-----	-----	-----
At 30 April 2017	110 174	(21 315)	1 639 523	162 580	1 890 962
Share issue	-	-	-	-	-
Profit for the year	-	148 821	-	-	148 821
	-----	-----	-----	-----	-----
At 30 April 2018	110 174	127 506	1 639 523	162 580	2 039 783
	=====	=====	=====	=====	=====

Company

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
At 30 April 2016	110 174	(475 972)	1 639 523	162 580	1 436 305
Share issue	-	-	-	-	-
(Loss) for the year	-	(15 551)	-	-	(15 551)
	-----	-----	-----	-----	-----
At 30 April 2017	110 174	(491 523)	1 639 523	162 580	1 420 754
Share issue	-	-	-	-	-
(Loss) for the year	-	(15 394)	-	-	(15 394)
	-----	-----	-----	-----	-----
At 30 April 2018	110 174	(506 917)	1 639 523	162 580	1 405 360
	=====	=====	=====	=====	=====

The notes on Page 16 to Page 31 form part of these accounts

DXS INTERNATIONAL PLC.
Statement of Cash Flows
Year ended 30 April 2018

	Note	Group 2018 £	Group 2017 £
Cash flow from operating activities	19	442 602	619 399
Interest paid		(39 791)	(5 789)
Interest received		9 329	2 642
Taxation received		164 973	225 290
		-----	-----
Net cash flow from operating activities		577 113	841 542
Cash flow from investing activities		-----	-----
Payments to acquire intangible fixed assets		(1 039 687)	(704 336)
Payments to acquire tangible fixed assets		(4 552)	(631)
		-----	-----
		(1 044 239)	(704 967)
Cash flow from investing activities			
Repayment of short term loans		-	(288 888)
Repayment of long term loans		(2 000)	-
Advance of long term loans		443 402	3 000
		-----	-----
		441 402	(285 888)
		-----	-----
Net (decrease) in cash and cash equivalents		(25 724)	(149 313)
Cash and cash equivalents at 1 May 2017		165 736	315 049
		-----	-----
Cash and cash equivalents at 30 April 2018		140 012	165 736
		=====	=====
Cash and cash equivalents consist of:			
Cash at bank and in hand		140 012	165 736
		=====	=====

The notes on Page 16 to Page 31 form part of these accounts

DXS INTERNATIONAL PLC.**Notes to the Financial Statements****Year ended 30 April 2018****1 Summary of significant accounting policies****(a) General information and basis of preparation.**

DXS International PLC is a public company limited by shares incorporated in England and Wales. The address of the registered office is given in the company information on Page 3 of these financial statements.

The group's principal activities during the year were the development and distribution of clinical decision support to General Practitioners, Nurses and Retail Pharmacies in the United Kingdom and South Africa. The commercial side includes the licensing of DXS products to various CCG's, the sale of e-detailing opportunities to the pharmaceutical industry, the UK Primary Care sector and the licensing of DXS technology to healthcare publishers.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Intangible assets

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

Research and development 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.

Goodwill arising on business combinations is capitalised, classed as an asset on the balance sheet and amortised over its useful life. The period chosen for writing off goodwill is 20 years. The reason for choosing this period is because the directors believe that this is the period of time for the benefit to be received

DXS INTERNATIONAL PLC.

Notes to the Financial Statements

Year ended 30 April 2018

1 Summary of significant accounting policies (continued)

Intangible assets are amortised over a straight-line basis over their useful lives. The useful lives of intangible assets are as follows:

Intangible type	Useful life	Reasons
Development expenditure	5 years from the date that the specific product is completed and available for distribution	Period of time for benefit to be received

Provision is made for any impairment.

(c) Tangible fixed assets

The company capitalises items purchased as Tangible Fixed Assets which have a cost in excess of £500

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and equipment	3-4 years straight line
---------------------	-------------------------

(d) Debtors and creditors receivable/ payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administration expenses

(e) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently they are measured at amortised cost using an effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

DXS INTERNATIONAL PLC.**Notes to the Financial Statements (continued)****Year ended 30 April 2018****1 Summary of significant accounting policies (continued)****(f) Provisions**

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event. It is probable that an outflow of economic benefit will be required in settlement and the amount can be reliably estimated.

(g) Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(h) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policy adopted for the recognition of turnover is as follows -

Sale of services

Turnover is from the sale of opportunities to the pharmaceutical industry and the UK Primary Care sector and is recognised over the term of service contract and is apportioned on a time basis representing the delivery of the service.

(i) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate

(j) Employee benefits

When employees have rendered service to the company, short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

DXS INTERNATIONAL PLC.

Notes to the Financial Statements (continued)

Year ended 30 April 2018

1 Summary of significant accounting policies (continued)

(k) Leases

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease

(l) Share option Scheme Accounting Policy

The company recognised as an expense, the fair value of share options granted over their vesting period. The fair value is calculated by applying an option pricing model

Factors affecting the model are: expected volatility, exercise price, weighted average share price, option life and risk-free interest rate. In respect of options granted by the company -

- use of the Black Scholes calculator as the option pricing model,
- calculated volatility using the Adam Greene Volatility method using an average share price over the previous 104 weeks,
- the directors base their calculations on an option life of 2 years

(m) Key judgements and Key accounting estimates

There are no Key judgements or Key Accounting estimates with a material effect on the carrying value of assets and liabilities.

2 Turnover

The analysis of turnover by activity and geographical area is as follows:

	Group 2018 £	Group 2017 £
Sale of services	3 406 976	3 428 632
	=====	=====
United Kingdom	3 387 564	3 413 615
Republic of South Africa	19 412	15 017
	=====	=====

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
3 Profit before taxation

Profit before taxation is stated after charging:

	Group 2018 £	Group 2017 £
Auditors remuneration for the audit of the company's		
- parent and consolidated audit	1 000	1 000
- subsidiary companies	19 665	16 484
Other auditor's remuneration fees for audit of overseas subsidiary company	2 452	1 500
Research and development costs	240 000	225 000
Operating lease payments	130 732	110 474
Loss/ (gain) on foreign exchange	(4 096)	(15 939)
	=====	=====

4 Directors' remuneration

	Group 2018 £	Group 2017 £
Directors' Remuneration	203 455	228 244
Directors' pension contributions in respect of money purchase schemes	834	2 349
	=====	=====

The number of directors to whom retirement benefits were accruing under money purchase pension schemes.

2	2
=====	=====

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

Remuneration for qualifying services	130 249	140 699
Company pension contributions	426	2 131
	=====	=====

The Directors have share options as set out in Note 17.

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
5 Staff costs

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

	Group 2018 Number	Group 2017 Number
Management and administration	30	34
Development	48	50
Sales	3	3
	=====	=====

The aggregate remuneration of such employees was as follows:

	Group 2018 £	Group 2017 £
Wages and salaries	1 713 859	1 755 766
Social security	118 083	135 543
Other pension costs	7 812	6 280
	-----	-----
	1 839 754	1 897 589
	=====	=====

Of this amount £471,223 (2017- £289,759) was attributable to development expenditure

6 Depreciation and amortisation

	Group 2018 £	Group 2017 £
Depreciation and amortisation of -		
- deferred development expenditure	413 697	326 896
- other intangible fixed assets	28 500	28 502
- tangible fixed assets	3 070	9 028
	-----	-----
	445 267	364 426
	=====	=====

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
7 Interest and other finance income and expenses

Interest payable and similar expenses

Group 2018 £	Group 2017 £
--------------------	--------------------

On bank overdrafts and loans

5 624 5 789

(Reversal) / accrual for interest on unsecured loans

34 167 (26 471)

39 791 (20 682)

=====

8 Tax

Tax on profit

Group 2018 £	Group 2017 £
--------------------	--------------------

Current tax

- -

Research and Development Tax credit

Current tax

150 000 120 000

Adjustment in respect of previous period

44 982 65 258

Overseas tax on profits for the year

(9) 32

Tax on profit

194 973 185 290

=====

Reconciliation of tax charge

The difference between the tax on profit and the profit before tax multiplied by the applicable rate of corporation tax in the UK is reconciled below:

Group 2018 £	Group 2017 £
--------------------	--------------------

(Loss)/ Profit before tax

(46 152) 38 832

Profit multiplied by standard rate of corporation tax
in the UK of 19% (2017 - 20%)

(8 769) 7 766

Expenses not deductible for tax purposes at standard
rate of corporation tax

95 100

Depreciation and amortization in excess of capital allowances

84 601 67 051

Research and development tax credit

(228 539) (198 017)

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
8 Tax (continued)

Research and development tax credit - Prior year	(44 982)	(65 258)
Overseas tax	9	(32)
Losses carried forward	2 612	3 100
	-----	-----
Tax on profit on ordinary activities	(194 973)	(185 290)
	=====	=====

Company

No tax was provided by the company as it had a tax loss of £15,400 for the year

9 Company Income Statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10 Intangible fixed assets - group

	Goodwill	Deferred development expenditure	Total
	£	£	£
Cost			
At 30 April 2017	570 104	3 202 488	3 772 592
Additions	-	1 039 687	1 039 687
	-----	-----	-----
At 30 April 2018	570 104	4 242 175	4 812 279
	-----	-----	-----
Depreciation			
At 30 April 2017	276 733	1 035 774	1 312 507
Charge for the year	28 500	413 697	442 197
	-----	-----	-----
At 30 April 2018	305 233	1 449 471	1 754 704
	-----	-----	-----
Net book value			
30 April 2018	264 871	2 792 704	3 057 575
	=====	=====	=====
30 April 2017	293 371	2 166 714	2 460 085
	=====	=====	=====

DXS INTERNATIONAL PLC.

Notes to the Financial Statements (continued)

Year ended 30 April 2018

11	Tangible fixed assets - group	Plant and Equipment £
	Cost	
	At 30 April 2017	101 114
	Additions	4 552

	At 30 April 2018	105 666

	Depreciation	
	At 30 April 2017	97 861
	Charge for the year	3 070

	At 30 April 2018	100 931

	Net Book Value	
	30 April 2018	4 735
		=====
	30 April 2017	3 253
		=====

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
12 Investments
Subsidiary undertakings

	Company 2018 £	Company 2017 £
Cost		
At 1 May 2017	1 364 818	1 310 696
Additions	100	1
Loans from subsidiaries	16 383	54 121
	-----	-----
At 30 April 2018	1 381 301	1 364 818
	-----	-----

The subsidiary companies are -

	Class of Share	Percentage held and Voting rights	Activities
DXS (UK) Limited	Ordinary	100%	Distribution, integration and maintenance of computer software
DXS Services Limited	Ordinary	100%	Dormant
DXS (SA) Proprietary Limited (Incorporated in the Republic of South Africa)	Ordinary	100%	Development, maintenance and distribution of computer software
DXS Solutions Limited Limited)	Ordinary	100%	Distribution, integration and maintenance of computer software
DXS Innovations Limited	Ordinary	100%	Dormant
MyVytalcare Limited	Ordinary	100%	Dormant

The subsidiary undertakings were acquired during 2008 other than the investment in DXS (SA) which was acquired in 2010, DXS Solutions in 2012, DXS Innovations in 2017 and MyVytalcare Limited in 2018

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
13 Debtors: Amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	1 238 615	1 071 290	-	-
Research and development tax credit	150 000	120 000	-	-
Prepayments and accrued income	96 255	106 755	34 964	40 198
VAT	-	-	5 586	3 736
	-----	-----	-----	-----
	1 484 870	1 298 045	40 550	43 934
	=====	=====	=====	=====

Included within trade debtors are balances totalling £1,187,021 (2017 - £1,026,612) that are subject to factoring arrangements. The trade debtor balances have been transferred to the counterparty, though the transaction does not qualify for derecognition on the basis that the reward is retained by the company. The associated liability recognised in creditors amounts to £284,561 (2017 - £259,883)

14 Debtors : Amounts falling due after more than one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Other debtors	58 500	96 550	-	27 783
	=====	=====	=====	=====

15 Creditors: amounts falling due within one year.

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Bank loan secured over trade debtors	284 561	259 883	-	-
Trade creditors	152 247	180 613	14 712	15 171
Other tax and Social security	47 632	50 474	-	-
Other creditors	281 879	294 531	-	-
Accruals	231 122	259 308	3 507	2 701
	-----	-----	-----	-----
	997 441	1 044 809	18 219	17 872
	=====	=====	=====	=====

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
16 Creditors: amounts falling due after more than one year.

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Other loans	467 962	24 560	-	-
Other creditors	71 289	73 289	-	-
	-----	-----	-----	-----
	539 251	97 849	-	-
	=====	=====	=====	=====

The other loans are unsecured, bear interest at rates between 12% and 12.25%pa. and are repayable, at the option of each lender, between March and April 2019 either:

To extend the loans for a further 18 months on the existing terms; or
 Convert the outstanding capital and interest to DXS International PLC shares at a price of 13p each; or

To receive repayment of the outstanding capital and interest over a period of 18 months

17 Accruals and deferred income

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Deferred Income				
Balance brought forward	990 049	1 070 844	-	-
Released during year	(990 049)	(1 070 844)	-	-
Deferred during the year	1 169 217	990 049	-	-
	-----	-----	-----	-----
Balance carried forward	1 169 217	990 049	-	-
	=====	=====	=====	=====

DXS INTERNATIONAL PLC.
Notes to the Financial Statements (continued)
Year ended 30 April 2018
18 Share capital

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Allotted, called up and fully paid				
33,396,416 (2017 - 33,396,416) ordinary				
shares of £0.0033 each	110 174	110 174	110 174	110 174
	=====	=====	=====	=====

City & Merchant have warrants of 592,902 ordinary shares at an exercise price of 26p. per share. The warrant was granted on 31 July 2008 and was exercisable at their discretion within five years from the date of issue. This has now been extended to 31 July 2023.

Messrs D Immelman & S Bauer have each been granted an option to purchase 923,077 shares at an exercise price of 13p subject to performance targets being achieved.

Messrs D Immelman & S Bauer were each granted an option on 1 May 2013 to purchase 1,000,000 shares at an exercise price of 20p subject to performance targets being achieved. 704,615 of these options were surrendered by each director on 27 June 2014.

Mr R K Sutcliffe was granted an option on 27 June 2014 to purchase 900,000 shares at an exercise price of 25p per share.

Messrs D Immelman & S Bauer were each granted an option on 27 June 2014 to purchase 704,615 shares at an exercise price of 20p per share.

Messrs D Immelman & S Bauer were each granted an option on 4 September 2014 to purchase 250,000 shares at an exercise price of 25p per share.

Messrs D Immelman & S Bauer were each granted an option on 4 September 2014 to purchase 250,000 shares at an exercise price of 55p per share.

There were 6,339,056 (2017 - 6,339,056) potential dilutive ordinary shares in issue during the period

The directors consider, that in respect of the share options set out above, that -

- the average fair value of the options has been calculated at a value of 20p per share at June and September 2014
- the Black Scholes calculator was used as the option pricing model. The weighted

DXS INTERNATIONAL PLC.

Notes to the Financial Statements (continued)
Year ended 30 April 2018
18 Share capital (continued)

average share price was 24.75p, the exercise price is between 13p, and 55p, the expected volatility rate used is 30%, the risk-free interest rate used is 2.0%. It is not expected that any dividends will be paid during the period. In calculating the fair value, the directors based their calculations on a option life of 2 years.

- The Volatility was calculated using the Adam Greene Volatility method. The weekly share price was used over an historic 104 weeks which period the directors consider reasonable.
- In order to provide fair value, even though market conditions have improved, the directors were comfortable to increase the volatility to the 30% above.

19 Reconciliation of profit to cash flow from operating activities

	Group 2018 £	Group 2017 £
Operating (loss)/ profit	(15 690)	15 508
Depreciation of tangible fixed assets	3 070	9 028
Amortisation of intangible fixed assets	442 197	355 398
(Increase)/ Decrease in debtors	(118 775)	157 715
Increase/ (Decrease) in creditors	(47 368)	162 545
Increase/ (Decrease) in deferred income and accruals	179 168	(80 795)
	-----	-----
Cash flow from operating activities	442 602	619 399
	=====	=====

20 Related party transactions

The company has taken advantage from the requirement not to disclose transactions with group companies on the grounds that consolidated financial statements are prepared

Other transactions during the year were -

	2018 £	2017 £
Consultancy fees paid to a service company owned by a relative of a director	3 500	8 000
	=====	=====

DXS INTERNATIONAL PLC.

Notes to the Financial Statements (continued)

Year ended 30 April 2018

21 Profit per share

Basic

The Basic profit per share in the period ended 30 April 2018 is calculated by dividing the consolidated profit of £148,821 attributable to equity holders in the company by the weighted average number of ordinary shares in issue during the period of 33,396,416 at £0.0033 shares

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive shares in issue for the period. There were 6,339,056 (2017 - 6,339,056) potential dilutive ordinary shares in issue during the period

22 Financial commitments

Leasing arrangements

Group

	Non- cancellable operating leases 2018 £	Non- cancellable operating leases 2017 £
Within one year	67 429	107 158
More than one year	152 432	204 057
	-----	-----
	219 861	311 215
	=====	=====

DXS INTERNATIONAL PLC.

Notes to the Financial Statements (continued)

Year ended 30 April 2018

22 Financial commitments (continued)

Leasing arrangements

Company

	Non- cancellable operating leases 2018 £	Non- cancellable operating leases 2017 £
Within one year	-	37 500
Between one and five years	-	3 125
	-----	-----
	-	40 625
	=====	=====

Subsequent to 30 April 2018 -

- the company has renewed its lease on the premises for a year at a rental of £40,000 pa
- a subsidiary company has renewed its lease on premises for a year at a rental of £18,000 pa

23 Control

The directors consider that there is no ultimate controlling party

These group accounts are available to the public from City & Merchant,
Level 17, Dashwood House, 69 Old Broad Street, London EC2M 1QS