
Eckoh
ANNUAL REPORT | 2021

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Strategic Report

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Highlights of the Year

Eckoh plc (AIM: ECK), the global provider of Secure Payment products and Customer Contact solutions, is pleased to announce its final results for the year ended 31 March 2021.

£m unless otherwise stated	FY21	FY20	*Change*
Revenue	**30.5**	33.2	*(8%)*
Gross profit	**24.2**	26.3	*(8%)*
Adjusted EBITDA[1]	**6.4**	6.4	-
Adjusted operating profit[2]	**4.7**	4.7	-
Profit before taxation	**3.5**	3.3	*6%*
Diluted earnings per share	**1.06**	1.20p	*(12%)*
Net cash	**11.7**	11.6	*+0.1*
Proposed Full Year Dividend per share	**0.61p**	0.61p	-
Total business contracted[3]	**30.7**	35.9	*(14%)*
New business contracted[4]	**15.7**	18.6	*(15%)*

REVENUE
£30.5m
DOWN **8%**
(FY20: £33.2)

US SECURE PAYMENT REVENUE
$12.8m
UP **57%**
(FY20: $8.1m)

REVENUE SPLIT
UK **59%**
US **41%**

TOTAL BUSINESS CONTRACTED[3]
£30.7m
(FY20: £35.9m)

NEW BUSINESS CONTRACTED[4]
£15.7m
(FY20: £18.6m)

US SECURE PAYMENT NEW BUSINESS CONTRACTED
$11.6m
(FY20: $10.7m)

ADJUSTED OPERATING PROFIT[2]
£4.7m
NO CHANGE
(FY20: £4.7m)

PROFIT BEFORE TAX
£3.5m
UP **6%**
(FY20: £3.3m)

NET CASH
£11.7m
UP **£0.1m**
(FY20: £11.6m)

1. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation of owned assets and leased assets, amortisation of acquired intangible assets and expenses relating to share option schemes.
2. Adjusted operating profit is the profit before tax adjusted for expenses relating to share option schemes and acquired intangibles amortisation.
3. Total business contracted includes new business from new clients, new business from existing clients as well as renewals with existing clients.
4. New business contracted excluding renewals with existing customers.

Financial highlights

- **Results in line with market expectations**
- **Revenue down 8% overall due to the pandemic, 7% at constant currency[5]**
- **Adjusted operating profit in line with prior year at £4.7m despite the pandemic, the planned exit from US Support and currency headwinds, and 13% higher excluding the FY20 Coral contract**
- **Profit before taxation increased by 6% to £3.5m (FY20: £3.3m)**
- **US Secure Payments' revenue increased significantly by 57% to $12.8m (FY20: $8.1m)**
- **UK revenue down 12%, with repeated lockdowns impacting some transactional revenues**
- **Recurring revenue[6] 71% (FY20: 75%), impacted by the decline in UK transactional revenue**
- **Proposed final Dividend is maintained at 0.61p per share (FY20: 0.61p)**
- **Continued strong cash position and robust balance sheet: net cash £11.7m (FY20: £11.6m)**

Strategic highlights

- **US Secure Payments revenue grew strongly by 57% and now represents 79% of total US revenues**
  - New Secure Payments contracted business of $11.6m exceeded (FY20: $10.7m)
  - Cloud contracts accounted for over half of the contract value and more than 80% of the number of contracts, compared to 20% in the prior year
  - Record number of contracts won in a year since Eckoh entered the US market
- **Total contracted business[3], £30.7m (FY20: £35.9m), excluding Coral contract down 9% (FY20: £32.9m)**
- **New contracted business[4], £15.7m (FY20: £18.6m), excluding Coral contract down 4% (FY20: £16.3m)**
- **UK total business, £18.9m (FY20: £20.1m) with 59% of new business coming from existing clients**
  - Strong renewals including TfL, Tenpin, Yodel, 1st Central, Welsh Water and Ministry of Justice
- **Major CallGuard release in January 2021, consolidating market leading position**

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3. Total business contracted includes new business from new clients, new business from existing clients as well as renewals with existing clients.
4. New business contracted excluding renewals with existing customers.
5. Constant currency (using last year exchange rates)
6. Recurring revenue is defined as on-going revenue on a transactional basis, rather than revenue derived from the set-up and delivery of a new service or hardware.

Outlook

- Shift to remote working driving opportunities and demand for Eckoh's products and model
- The Board expects revenue and profit for FY22 to be comparable to FY21, and material year-on-year revenue and profit growth in FY23. These expectations are subject to no further lockdowns in the UK or US, and ongoing uncertainty in the macro-economic climate because of the COVID-19 pandemic.

Chairman's Statement

2021 was a challenging year with the uncertainty of the macro economy due to the COVID-19 pandemic. Eckoh's business model and market position meant we were well placed to manage the impact of COVID-19 on our clients' businesses, with high levels of recurring revenue, a strong order book, blue chip enterprise clients and a strong balance sheet. The management team has navigated the Company well through this unprecedented period, achieving a credible performance and ensuring that we are well placed to take advantage of growth opportunities as our markets fully reopen.

At the onset of the COVID-19 pandemic, in March 2020, we took a number of precautionary measures, to sustain our position of financial strength, including limiting discretionary spend, freezing new hires, postponing salary increases for 2021, deferring the quarterly loan repayments in April 2020 and July 2020. In October 2020 we recommenced the loan repayments ahead of paying the Special Dividend to Shareholders. I was pleased we were able to pay a Special Dividend at the same level as previous years and at the same timing as the Final dividend would normally be paid in October. In January 2021 we also awarded employees a pay rise, the 2021 pay rise three months early.

Results

In the year total contracted business[1] was £30.7 million (FY20: £35.9 million), a decrease year on year of 14% but a credible outcome given the continued disruption and uncertainty to market conditions, which were particularly acute in the first half of the financial year.

In the US we have seen continued success in the new contracted business[2] for Secure Payments and during the year the US team secured $11.6 million of new orders (FY20: $10.7 million). This continued and strong progress in Secure Payments underpins the decision to manage the transition away from the US Support contracts and I am pleased that this is now largely complete.

In the UK new contracted business was £5.9 million (FY20: £6.6 million), a year on year decrease of 11%.

Adjusted operating profit[3] was £4.7 million (FY20: £4.7 million), in line with the prior year, although included in this year are Coral licences of £0.4 million (FY20: £0.8 million) and a foreign currency loss of £0.4 million (FY20: gain of £0.3 million).

The Group continues to have a strong balance sheet with a year-end net cash balance of £11.7 million (FY20: £11.6 million).

Going concern and COVID-19

The Board has carried out a going concern review and concluded that the Group has adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. In all scenarios tested, the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future. Further information is included in the Directors' Report on page 43.

Board

In the financial year ended 31 March 2021, there were no significant changes to the Board.

Full details of the current Directors are on page 26.

Corporate Governance

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group's size, risk, complexity and stage of maturity. In the Governance section of this report on page 27, we outline the Company's approach to Corporate Governance and how we have complied with the QCA code. The Board considers that it does not depart from any principles of the QCA code.

During the pandemic, the Board has not been able to function as normal, with all of our meetings held remotely via Microsoft Teams. Despite the obvious drawbacks, the Board performed very well. We conducted an internal Board performance evaluation at the end of the year and we are confident that the Board continues to operate to high standards. Full details are in the Governance section of this Annual Report.

Full details of the Company's Principal Risks and Uncertainties are on page 16 to 17.

People

The Board and I would like to thank our employees for their efforts and sacrifices during this most challenging of years. Thanks to the fantastic response of our people, the Company is well placed for the future.

The whole Board plan to attend the AGM on 1 September 2021 subject to restrictions, and we look forward to the opportunity to meet with as many Shareholders as possible on the day.

Christopher Humphrey
CHAIRMAN
15 June 2021

1. Total contracted business includes new business from new clients, new contracted business from existing clients as well as renewals with existing clients
2. New contracted business contracted excluding renewals with existing customers.
3. Adjusted operating profit is operating profit adjusted for expenses relating to share option schemes and amortisation on acquired intangible assets.

Chief Executive Review

Introduction

Eckoh delivered a resilient performance in the 2021 financial year, with a robust level of adjusted operating profit[2], £4.7 million, level with the prior year. The Board views this as a very creditable performance, given the impact of our planned exit from US Support (as previously indicated), a significant negative currency movement, a tough comparator due to the material Coral contract in the prior year, and the challenges of the COVID-19 pandemic.

This outcome reflects particularly strong growth in our US Secure Payments operation, which grew by 57% and now accounts for nearly 80% of US revenues, as well as a resilient UK performance despite the trading conditions continuing to be impacted by the ongoing lockdown.

Total contracted business[1] for the financial year at the Group level was £30.7 million compared to the record total contracted business in the prior year of £35.9 million. New business won in the year was £15.7 million (FY20: £18.6 million), an excellent outcome given the continued disruption and uncertainty in market conditions, which were particularly acute in the first half of the financial year.

Total revenue for the year was £30.5 million, a decrease year on year of 8% (FY20: £33.2 million) or 7% adjusting for constant exchange rates. Excluding the Coral licence orders in the 2021 and 2020 financial years, revenue in FY21 was £29.8 million, a decrease of only 5%.

Gross profit was £24.2 million (FY20 £26.3 million) with gross profit margin 79%, level year on year. US gross profit was £8.9 million (FY20: £9.3 million), with gross profit margin decreasing as expected to 71% (FY20: 73%) due to the growth in the Secure Payments activity. UK gross profit was £15.3 million (FY20: £17.1 million), a decrease of 11% and gross profit margin increased by 200 basis points to 85%.

From March 2020 and then throughout the year there has been prudent cost control, which included a freeze on new hires where appropriate, postponing salary increases and limiting discretionary spend.

Adjusted operating profit[2] was £4.7 million (FY20: £4.7 million) a credible result given the continued disruption and uncertainty in market conditions, which were particularly acute in the first half of the financial year.

Our balance sheet remains robust with a strong net cash position of £11.7 million, (FY20: £11.6 million), which comprises a cash balance of £12.7 million, less an outstanding loan of £1.0 million, taken out in 2015 in part to purchase the Group's UK head office.

1. Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients
2. Adjusted operating profit is the operating profit adjusted for expenses relating to share option schemes and the amortisation on acquired intangible assets.

A clear growth strategy

Our strategic objectives reflect our primary goal to become the global leader in our areas of expertise, and in particular, Contact Centre payment security.

Our objectives include:

- **Being the market leader for Contact Centre payment security**
- **Capitalise on the fast-growing US market for Secure Payments**
- **Maximise client value and retention through cross-selling to generate higher levels of recurring income**
- **Continue to enable faster and more flexible delivery of our solutions in the UK and then export to the US tactically**
- **Make Cloud our primary platform and use Cloud technologies to develop and enhance our proprietary solutions**
- **Evaluate acquisition opportunities that can support our growth strategy in Contact Centre security and customer engagement**

A significant and largely untapped market opportunity

Our target market both in the UK and US is any sizeable enterprise or organisation that either transacts or engages with its customers at scale and at volume. This activity will usually be supported either by an in-house or outsourced contact centre provider. The greater the volume of payment transactions or customer engagement activity that the organisation has, the more attractive they are to Eckoh, and the larger the contact centre operation supporting the organisation is likely to be.

The contact centre industry in both the UK and US is extremely large, representing around 4% of the entire workforce in both markets, and the industry continues to grow. We target organisations that utilise contact centres with more than 50 agent seats and this represents over 2,510 in the UK and 12,050 in the US. With so little of our target market currently addressed, patented technology and with very limited competition to our offering, this represents a huge opportunity for Eckoh in the coming years.

With regulation tightening and the financial impact of data breaches and fraud growing, organisations are increasingly looking for ways to secure themselves, not just make themselves compliant leading to broadening information security budgets and remits. Moreover, the current crisis and the consequent reliance on more contact centre agents working remotely are only likely to accentuate these security requirements. We see the trend of remote working agents becoming a permanent feature, and this can only benefit Eckoh as our payments proposition enables companies to effectively further reduce or remove the risk of data breaches from one of the most challenging parts of their businesses.

We are well placed to manage the impact that COVID-19 has had on many of our clients' businesses.

Highly complementary products and attractive proposition

Eckoh's go-to-market proposition encompasses two highly complementary areas: Secure Payment products and Customer Contact solutions.

- **The Group's patented Secure Payment products help** organisations to reduce the risk of fraud; secure sensitive data; comply with the Payment Card Industry Data Security Standard ("PCI DSS") and wider security regulations such as the General Data Protection Regulation ("GDPR") or the US Consumer Privacy Acts. Eckoh prevents sensitive personal and payment data from entering IT and contact centre environments when customers make payments for goods and services. Eckoh can secure all engagement channels including payments made over the phone through a live agent or an automated IVR system ('CallGuard'), on the web or a mobile ('DataGuard'), or through a web chat or chatbot ('ChatGuard'). Our Secure Payments products are straightforward to deploy as they require no change to our clients' existing processes or systems; enjoy extremely high renewal rates and provide an excellent platform from which to cross-sell other Eckoh solutions to our customer base.
- **The Group's Customer Contact solutions help** organisations transform the way they engage with their customers. Eckoh's proposition, which is delivered through the Eckoh Experience Portal ("EXP"), enables enquiries and transactions to be performed on whatever device the customer chooses, through any inbound communication channel and allows customers to self-serve or to engage with a customer service advisor. It enables our clients to increase efficiency, lower operational costs and increase customer satisfaction by providing a true Omnichannel experience.

Our UK operations sell the entire product portfolio, but in the US - a territory that Eckoh entered just over six years ago - the focus has been on Secure Payments, where we have the greatest differentiation and the least competition. At the beginning of the last financial year we introduced Web Chat and ChatGuard into the US market and this was the first step in opening up our Customer Contact proposition, focusing on the newer customer engagement channels. Consistent with our longstanding goal to focus on Secure Payments, we have continued our planned transition away from third-party Support contracts. This approach, which will improve revenue quality and visibility in the future, has seen Support revenues decline, as previously indicated, from 27% of total US revenues in financial year 2020 to 9% in the financial year 2021. There were also a small number of Support contracts in the UK that were largely operated from the US, which have also been discontinued in line with our strategy.

Contracts for both Secure Payments and Customer Contact propositions are typically multi-year in length and have a high proportion of recurring charges, usually underpinned by minimum commitments. In the UK, almost all solutions are currently delivered from Eckoh's hosted managed service platform. In the US, one positive consequence of the pandemic has been the rapid increase in the number of Secure Payment contracts won and delivered through Eckoh's Cloud platforms, as larger enterprises have accelerated their move to the Cloud.

Operational review

US Division: (41% of group revenues)

The US division continues to account for an increasing proportion of Group revenues, in line with our stated strategy of the US becoming the largest part of the business in the medium term. The US division represented a 41% share of Group revenues in 2021, an increase of 300 basis points compared to the prior year (38%). Revenue in the period was $16.4 million, an increase of 2% (FY20: $16.1 million). Secure Payments grew significantly by 57% to $12.8 million and was offset by the planned transition away from Support and an expected decline in Coral. If the Coral order is excluded, revenue grew by 14% in the US, despite the planned decline in the US Support business.

Total contracted business was $15.5 million (FY20 $19.9 million) of which 83% (£12.9 million) was new business, highlighting that Secure Payment renewals are still at an early stage. In the year, newly contracted Secure Payments' business was $11.6 million, an increase of 9% despite the challenges of the pandemic (FY20: $10.7 million).

In the US, the Group's focus remains on the US Secure Payments opportunity, where it has the greatest differentiation and the least competition. The performance of the Secure Payments' business is summarised below, together with the Support business that we are strategically exiting, as well as the Coral business.

- **Secure Payments'** revenue grew 57% to $12.8 million (FY20: $8.1 million), and now represents 79% of US revenue. This will continue to grow, however in FY22 this will be at a slower rate, due to the low value of new orders in the first 5 months of last financial year because of the pandemic. Also, our largest contract signed to date ($7.4 million) is due for renewal in September, from which point the revenues from the hardware and implementation fees will have been fully recognised.
- **Coral** had revenues of $2.0 million in the year (FY20: $3.5 million), included is the $1.0m of one-off Coral licences (FY20: $2.1 million). Coral accounted for 12% of US revenue (FY20: 22%). As noted previously, the timing of Coral orders remains hard to forecast and they will be lumpy in nature.
- **Support** revenue declined as expected to $1.5 million, a decrease of 65% (FY20: $4.4 million) and represents 9% of the US revenue (FY20: 27%). It is expected to continue to fall in the current financial year in line with the strategic decision taken last year to focus our staff and resources on the high growth opportunity of Secure Payments and manage a transition away from Support. This will be the last year that we break out Support revenues separately, as in FY22 it will be considered a *de minimis* percentage.

Secure Payments, where we deliver a patented solution that enables enterprises to take card payments securely within their Contact Centre operations, continued to generate excellent financial momentum. Compound Annual Growth Rate (CAGR) over the last four years has been 36%. The pandemic made it extremely difficult to close new contracts in the first quarter, as many sales processes were put on hold by the customer while they dealt with the disruption to their businesses. In the second quarter momentum started to build, and from September 2020 we secured $9.3 million of the $11.6 million new contracted Secure Payments business in the year. The number of individual contracts won in the year is also the highest since Eckoh entered the US market.

Since 2015, when we launched Secure Payments in the US, the total of new contracted business is shown below.

Financial Year	$m FY15	$m FY16	$m FY17	$m FY18	$m FY19	$m FY20	$m FY21
New Business Contracted	**0.3**	**1.6**	**8.3**	**9.3**	**13.7**	**10.7**	**11.6**

The Company is focused on large enterprise contracts. However, during the first half of the year many of the sales processes for the largest companies were temporarily suspended and there was a greater emphasis on contracts with medium-sized organisations, which generally have a lower average contract value than the $750k previously indicated. A larger proportion of contracts won in the year will be delivered through Eckoh's Cloud platforms. Where possible, organisations have fast-tracked their plans to deploy in the Cloud, a trend accelerated by the circumstances of the pandemic. More than half the contract value Eckoh has won, and more than 80% of the number of contracts, have been for Cloud delivery, this compares to only 20% of contracts in FY20.

We do anticipate that a lasting impact of the pandemic will be a general acceleration in Cloud deployments, although very large enterprises are still likely to take many years to achieve that goal. We have recently started to see some of these large organisations re-commence their sales processes and depending on when these are concluded we should see the average contract values rising again. Contracts secured in the period came from a range of sectors including healthcare, business process outsourcing, insurance, utilities, retail, and financial services.

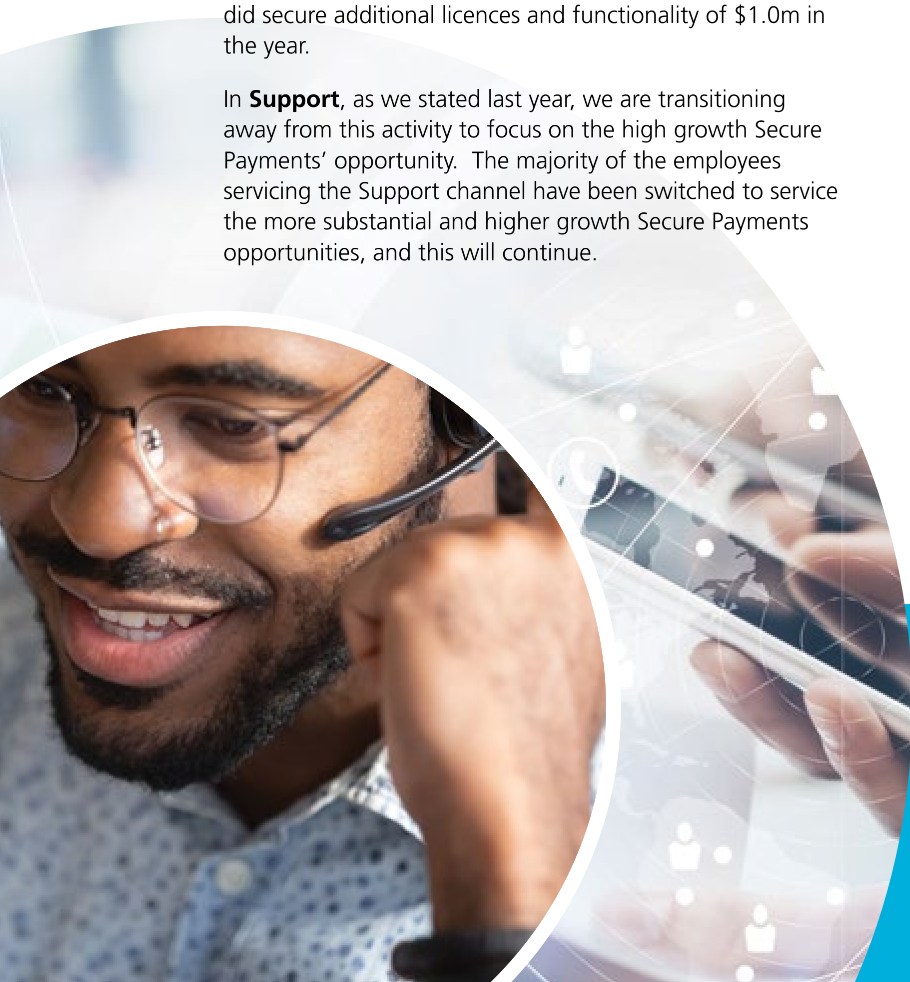
Our sales channels, which we have been developing over the past year, are now starting to bear real fruit. The largest contract won in the second half, with a very significant Healthcare provider, was brought to us by a new partner in the Healthcare sector. Partner sales opportunities now represent 25% of our total pipeline, and this share is expected to grow this year.

The average length of contracts for Secure Payments is three years, so it is only this year that the first meaningful contracts have been due for renewal. The two larger contracts that were due for renewal in the second half of the year renewed successfully, mirroring the trend of the UK.

External factors, such as the impending change to version 4 of the Payment Card Industry Data Security Standard (PCI DSS), the implementation of new data laws such as US Consumer Privacy Acts and significant fines levied on US organisations through the GDPR legislation, are undoubtedly helping raise awareness of the risks of not protecting sensitive data properly. This will assist us in continuing to build our pipeline which is substantial and growing. Our focus on these larger contracts means that in future periods the timing of contract wins continues to be hard to predict given the typically longer sales cycle.

Coral is a browser-based agent desktop that increases efficiency by bringing all the contact centre agent's communication tools into a single screen. It also enables organisations, particularly those who have grown by acquisition, to standardise their Contact Centre facilities, as Coral can be implemented in environments that operate on entirely different underlying technology. In the prior period, we secured a contract extension with a Fortune 100 telecommunications company for the Coral product. The contract was worth a minimum of $3.8 million, and of this, $2.1 million relating to the purchase of licences was recognised in the prior first half revenue. As we indicated at the time, we did not expect a further deal of additional licences of this size in the financial year 2021, however we did secure additional licences and functionality of $1.0m in the year.

In **Support**, as we stated last year, we are transitioning away from this activity to focus on the high growth Secure Payments' opportunity. The majority of the employees servicing the Support channel have been switched to service the more substantial and higher growth Secure Payments opportunities, and this will continue.



Recurring revenues in the US were 57% in the period compared to 61% for the same period last year after adjusting for the one-off Coral licences of $1.0 million and $2.1 million in FY21 and FY20 respectively. Recurring revenue for the Secure Payments' activity was 49% compared to 44% in the prior year. We would expect recurring revenue to continue to increase over time as we continue to deploy new clients live, but also as more clients' solutions are delivered in the Cloud, where there is a much lower level of one-off revenue initially. Recurring revenue for Secure Payments is lower than the UK operation due to the hardware component and in particular the disproportionately large value of non-recurring revenue relating to hardware and set-up fees from our largest Secure Payment contract that went live in 2019 and is due for renewal in the summer of 2021. The US operation's revenues are based on fixed contractual fees giving us continued resilience in the current situation.

UK Division: (59% of group revenues)

The UK division has delivered a resilient performance despite the challenging environment presented by the pandemic and the impact of numerous lockdowns. Notwithstanding that backdrop, we continued to see high levels of demand and new business wins coming particularly from our existing clients, evidencing the strength of our relationships.

Total contracted business was £18.9 million, a decrease of 6% compared to the prior year of £20.2 million, which was a record level. New contracted business was £5.9 million (FY20: £6.6 million), an excellent outcome given the abnormal conditions relating to the pandemic. Renewals in the period were £13.1 million, slightly lower than last year's renewals of £13.6 million but due to the timing of when renewals fall due.

Revenue in the period was £18.0 million, a decrease on last year of 12% (FY20: £20.5 million), and gross profit decreased 11% to £15.3 million (FY20: £17.1 million). The revenue decline was directly due to the impact that the pandemic had on our clients' activity, particularly some of our largest clients in the travel, retail and leisure sectors such as Premier Inn, Tenpin and Transport for London. Because our UK business has been operating for many years, there are a range of commercial models that have evolved over time, unlike the US business which has only been operating since 2015. Where the commercial model is transactional, which remains the most common model, it is usual for a client to commit to a high percentage of its expected volumes and in so doing achieve the most competitive buying rate. However, this is not the case for a few of our longstanding clients, some of which are Eckoh's largest. At the peak of the pandemic's impact,

> ***Despite the current situation, we are seeing activity levels increase in the UK and the pipeline continues to be strong.***

transactional volumes were significantly reduced, but because of the blend of our contracts the aggregated impact on revenue across our client base was much less than this figure.

Gross margins in the UK increased in the period by 200 basis points to 85% (FY20: 83%) and recurring revenue decreased as expected, to 84% (FY20: 88%). With the level of new business from existing clients over the last two years, we would expect recurring revenue to be in the range of 82% - 84%.

Looking at the segmentation of UK revenue, 27% came from Secure Payment services (FY20: 23%), 36% from Customer Contact Solutions (FY20: 38%) and the remaining 37% from clients where we provide a combination of both solutions (FY20: 39%). The increase in the Secure Payments only services offsets a decrease in the clients with combined solution which is largely due to the clients that have been impacted most during the pandemic.

As organisations adapt their customer engagement strategy to reflect the increase in remote working that is now set to become a permanent feature, we have seen improved interest in and sales for our CallGuard Remote product, which facilitates the taking of payments securely in remote working environments. Furthermore, we expect an even faster adoption of emerging engagement technologies such as conversational bots working in tandem with human agents, and the number of companies who are accelerating their shift to Cloud-based solutions. Eckoh will be able to assist new and existing clients in responding to these changes, with deployment through the Eckoh Experience Portal ("EXP"). This portal enables organisations to buy and deploy our Customer Contact and Secure Payment solutions in a modular fashion.

Our model of cross-selling to existing clients remains a key part of the Eckoh strategy, not just to generate incremental revenue but also to continue the trend of strong client retention and increasing the lifetime value of the Group's customers. Of the new business secured in the year of £5.9 million, £3.5 million (FY20: £3.9 million) was contracted with existing customers for delivery of new solutions or modifications. At 59% (FY20: 60%) this continues to be a much higher proportion of our new business than we would normally see, and points to organisations being more willing to invest in the uncertain business climate with existing suppliers than seek new ones.

During the year, our strong track record with existing clients has continued to be demonstrated through the levels of renewal business contracted, which were £13.1 million in the period. There were a number of larger clients who renewed their contracts, in August 2020, we secured a six-year renewal of our contract with Capita for the provision of services for the Congestion Charge to Transport for London, at a minimum total contract value of £4 million. In the second half of our financial year we successfully renewed contracts with Tenpin, Ministry of Justice, Target, Welsh Water, Yodel and 1st Central insurance.

The new business and consistent renewals of existing clients gives us, in normal circumstances, high revenue visibility and our UK clients are underpinned by contractual fees or minimum transaction levels. The continued uncertain business climate in the UK and the on-going impact from the pandemic on the transactional volumes of our larger clients, will continue into the current financial year until such time as restrictions are lifted and volumes can return to pre-pandemic levels.

Product update

In January we made a significant new release of our core Secure Payments product CallGuard to ensure we maintain our market leading position. We are the only company operating in our relatively small competitive landscape that uses a fundamentally different and patented technical approach, where we replace the sensitive information with a placeholder or token as it enters the client's environment that can then be safely stored as it is not payment data. All other companies simply block the information.

Our approach provides us with significant advantages in the elegance of our implementations, and requires no low-level integration, again a feature of many competitors. Our clients can make changes to their systems, processes or third-party suppliers (such as their Payment Service Provider) without us needing to make any changes to our solution. This is a unique feature of the Eckoh solution. The new CallGuard release builds on our award-winning product with three significant new enhancements:

- **Agent Control Panel** – a more intuitive interface for the Contact Centre Agent to take the payment securely and help reduce the average handling time of that process. In an industry where the reduction or addition of a few seconds on every agent's call can have a very meaningful cost impact, it is essential that the tools they use are as 'frictionless' as possible.
- **CallGuard Reporting Dashboard** – an enhanced reporting package with powerful visual elements, that leverages the market-leading information product Domo. This will be provided in either a standard format, or the client can opt at their cost to have more detailed bespoke reports based on their own needs.
- **CallGuard Speech Capture** – enhanced speech recognition option with multiple languages (primarily for the US market). We have seen a much higher level of interest in the US for taking the payment securely using speech rather than the keypad. Whilst this means the call must be muted temporarily from the agent whilst the card information is provided, the process is otherwise the same.

The reaction from both existing and new clients has been extremely positive to the new release. Furthermore, we intend to make another release later this year which will provide an even more flexible delivery method, as well as a version of the product tailored for much smaller clients, who we typically do not target, that will enable our sales partners to effectively syndicate to these organisations and manage the deployment process themselves.

Cloud native

Eckoh continues its Cloud Native journey focusing on both transition and net-new products and services. Cloud Native harnesses the Cloud's most powerful advantages — flexible, on-demand infrastructure and powerful managed services — and pairs them with Cloud-optimised practices and technologies. It allows drastically faster and better building, testing, and deploying of software, features and functionality — more easily, securely and rapidly, whilst minimising disruption of services.

As part of these initiatives, this past year we have expanded our delivery pipeline to Cloud platforms across both the UK and US in multi-regions and high availability zones. Aligning with our payment products portfolio and PCI DSS, they have been included in our annual PCI DSS assessment and resultant Attestation of Compliance (AOC). Also, in line with Eckoh's security first practices, we have embraced a DevSecOps culture focused on all stages of the software supply chain. This allows Eckoh and its product and service offerings to maintain a high and alert security posture in the face of emerging security threats. We are pleased with the progress we have made overall and can state that Cloud Native designed and delivered applications are running across these geo locations supporting some of our largest customers today.

When companies build and operate applications in a Cloud Native fashion, they bring new ideas to market faster and respond sooner to client demands. This is at the core of Eckoh's client-focused delivery model and exemplified in our January CallGuard release which greatly enhanced the product suite. These technologies and methodologies aim to keep us ahead of our competitors across the technical landscape, enhance our product portfolio even faster, at higher margins, and with a focus on security and assured quality, and win the ongoing talent war for attracting and retaining high quality developers.

Amazon Connect

A strategic initiative for FY22 is increased investment and resource in progressing the delivery of Eckoh 'stack solutions' that include Amazon Connect as the Cloud telephony layer. When combined with Eckoh's Secure Payments, Omnichannel and advanced voice capability as well as the Coral agent desktop, this creates a compelling bundled solution that will enable Eckoh clients to have complex and feature rich Cloud customer engagement but delivered in a truly flexible and agile way.

Current trading and outlook

The Board expects revenue and profit for the financial year 2022 to be comparable to the financial year 2021, and material year-on-year revenue and profit growth in the financial year 2023. These expectations are subject to no further lockdowns in the UK or US, and ongoing uncertainty in the macro-economic climate because of the COVID-19 pandemic.

In the financial year 2022, we expect two fundamental dynamics to affect our business. Eckoh's market leadership in US Secure Payments, high levels of recurring revenue and strong order book is expected to drive continued growth in this geography. This is offset, in the short term particularly in the UK, by the impact of the pandemic on new business activity, delayed incremental recurring revenue, and lower transactional volumes at a time when we will be increasing investment in our Cloud-based Secure Payments offering to capture the market opportunity and deliver sustained high levels of future revenue growth.

In the financial year 2023, our expectation of material growth reflects an anticipated return to normal UK trading activity, returns being generated from the investment in Cloud-based Secure Payments offering, and ongoing momentum in US Secure Payments supported by long-term structural growth drivers, Cloud adoption and Eckoh's strengthening partner offering. This revenue momentum is expected to combine with the benefits of operational gearing to drive material growth in profitability.

Nik Philpot
CHIEF EXECUTIVE OFFICER
15 June 2021

Principal Risks & Uncertainties

Eckoh is exposed to a number of risk factors which may affect its performance. The Group has a framework for reviewing and assessing these risks on a regular basis and has put in place appropriate processes and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate all risks. The Board has determined that the following are the principal risks facing the Group.

SPECIFIC RISK	MITIGATION
Pandemic risk	
COVID-19 has continued to impact the US and UK economies. In the UK, the business has exposure to consumer-facing customers where contact volumes during social distancing are impacted. Our US operation is underpinned by fixed contractual fees and has been impacted less.	All employees in the US and UK are able to immediately transition between office and home working as required. Due to the digital and physically remote nature of our technology and solutions we are able to maintain high service levels during these periods. We continually monitor our suppliers to ensure the components we require for our on-site solution in the US are available.
Cyber, technology & processes	
Loss or inappropriate usage of data	
The Group's business requires the appropriate and secure usage of client, consumer and other sensitive information. Fraudulent activity, cyber-crime or security breaches in connection with maintaining data and the delivery of our products and services could harm our reputation, business and operating results.	The Group has established physical and logical security controls across all operating locations with rigorous cyber security controls. In addition, a dedicated Security Operations Centre function provides Group wide monitoring, recruitment and training schemes and active threat hunting. The Group also screens new employees carefully. Continued investments are made in cyber security; infrastructure, monitoring and services, improvements in email and web filtering as well as the introduction of enhanced data loss prevention tools. Eckoh has concluded its program of Cyber Essentials, to add to PCI DSS and ISO 27001:2017 certification to further audit these measures.
Interruptions in business processes or systems	
The Group's ability to provide reliable services largely depends on the efficient and uninterrupted operation of our telecoms platform, network systems, data and contact centres as well as maintaining sufficient staffing levels. System or network interruptions, recovery from fraud or security incidents or the unavailability of key staff or management resulting from a pandemic outbreak could delay and disrupt our ability to develop, deliver or maintain our products and services. This could cause harm to our business and reputation, resulting in loss of customers or revenue.	Comprehensive business continuity plans and incident management programmes are maintained to minimise business and operational disruptions, including system or platform failure. Testing and confirmation of plans is performed to ensure business continuity relevance and training is maintained.
Legal, regulatory and industry standards	
Risk of non-compliance with legal and industry standards	
The Group's operations require it to be compliant with certain standards including Payment Card Industry Data Security Standard (PCI DSS) and wider security regulations such as the General Data Protection Regulation (GDPR) or the US Consumer Privacy Acts. Failure to comply with such regulations and standards could significantly impact the Group's reputation and could expose the Group to fines and penalties.	We continually audit, review and enhance our controls, processes and employee knowledge to maintain good governance and to comply with legal requirements and industry standards. Our new employees are carefully screened.
Loss or infringement of intellectual property rights	
The Group's success depends, in part, upon proprietary technology and related intellectual property rights. Some protection can be achieved but, in many cases little protection can be secured. Third parties may claim that the Group is infringing their intellectual property rights or our intellectual property rights could be infringed by third parties. If we do not enforce or defend the Group's intellectual property rights successfully, our competitive position may suffer, which could harm our operating results. We may also incur cost from any legal action that is required to protect our intellectual property.	The Group, where appropriate and feasible, relies upon a combination of patent and trademark laws to protect our intellectual property. The Group also continues to monitor competitors in the market to identify potential infringements of our intellectual property rights. The Group would vigorously defend all third-party infringement claims.

SPECIFIC RISK	MITIGATION
HR & personnel	
Dependence on recruitment and retention of highly skilled personnel	
The ability of the Group to meet the demands of the market and compete effectively is, to a large extent, dependent on the skills, experience and performance of its personnel. Demand is high for individuals with appropriate knowledge and experience in payment security, telecoms, IT development and support services. The inability to attract, motivate or retain key talent could have a serious consequence on the Group's ability to service client commitments and grow our business.	Effective recruitment programmes are on-going across all business areas, as well as personal and career development initiatives. The Management team reviews key individuals on a quarterly basis and retention plans are put in place for individuals identified at risk of leaving. Compensation and benefits programmes are competitive and are reviewed regularly. Employee feedback is encouraged and an employee engagement survey has been undertaken in the year.
Products & clients	
Technological & product development	
The Group provides technical solutions for clients and their end customers. As customer preferences and technology solutions develop, competitors may develop products and services that are superior to ours, which could result in the loss of clients or a reduction in revenue.	The Group is committed to continued research and investment in products and technology to support its strategic plan. Product development roadmaps for Secure Payment and Customer Contact solutions are managed centrally in the UK.
Dependence on key clients	
While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. Eckoh's largest customer accounted for 11.6% (2020: 9.1%) of total revenue.	We mitigate this risk by monitoring closely our contract performance, churn and renewal success with all customers by maintaining strong relationships. We continue to expand our customer base, particularly in the US business.
Economic growth	
Executing the US opportunity	
The Group has a low market share in the US, where there is significant market opportunity for its Secure Payments products. The inability to execute in the US, winning new clients and implementing Secure Payment solutions for clients, could have a material impact on the Group's results.	The Group sets clear targets for growth expectations for the US business. We continually assess our performance and adapt our approach, taking into account our actual and anticipated performance. Product offerings are being extended to expand the reach of the services offered in the US. Cloud based solutions have been adopted to ensure Eckoh offer all potential solutions that clients may demand.
Exchange rate	
The Group is exposed to the US dollar and the translation of net assets and income statements of its US division.	We regularly review and assess our exposure to changes in exchange rates. The Group does not hedge the translation effect of exchange rate movements on the Income Statement or Balance Sheet of the US division.
Reputation of the Eckoh Group	
Damage to our reputation and our brand name can arise from a range of events such as poor solution design or product performance, unsatisfactory client services and other events either within, or outside, our control.	We address this risk by recognising the importance of our reputation and attempting to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality solutions, good client services and managing our business in a safe and professional manner. Eckoh has concluded its program of ISO 9001:2015 certification to further audit these measures.

Financial Review

Eckoh's business model and market position, with high levels of recurring revenue, a solid order book, enterprise clients and a strong balance sheet, combined with prudent cost control, have enabled Eckoh to manage the impact of the global pandemic effectively and deliver a robust performance for the year.

Revenue for the year decreased by 8.1% to £30.5 million (FY20: £33.2 million) and at constant exchange[3] rates by 6.7%. Adjusted operating profit[1] was £4.7 million level with last year. Profit after tax for the year was £2.8 million (FY20: £3.1 million).

Basic earnings per share for the year ended 31 March 2021 was 1.09 pence per share (FY20: 1.23 pence per share).

Divisional performance

Revenue in the UK, which represents 59% (FY20: 62%) of total group revenues, decreased by 11.9% to £18.0 million (FY20: £20.5 million). The US represented 41% (FY20: 38%) of total group revenues and revenues decreased in the period by 2.0% to £12.4 million (FY20: £12.7 million), revenues in local currency grew by 1.8% year on year.

Gross profit

The Group's gross profit decreased to £24.2 million (FY20: £26.3 million). Gross profit margin was 79% for the year level with last year. The UK gross profit margin increased to 85% and is expected to remain at this level. In the US, the full year margin decreased from 73% to 71%, a reduction of 200 basis points, due to the continued increase in Secure Payments, the planned transition away from the third-party Support business and the impact of one-off Coral licences. Excluding the Coral licences, gross profit margin was 73% (FY20: 76%).

	FY21 (UK) £000	FY21 (US) £000	FY21 Total £000	FY20 (UK) £000	FY20 (US) £000	FY20 Total £000
Revenue	18,037	12,449	30,486	20,468	12,710	33,178
Gross Profit	15,299	8,896	24,195	17,074	9,250	26,324
Gross Profit %	85%	71%	79%	83%	73%	79%

In the UK, as the service is hosted on an Eckoh platform, there is typically no hardware provided to clients and the gross profit margin is expected to remain at 84-85%. In the US, we would expect the gross profit margin to gradually start to increase from 71% to approx. 75% over the next two years. This is driven by the acceleration in growth of the Secure Payments' activities for Cloud solutions coupled with clients renewing their contracts without additional significant hardware.

Administrative expenses

Total administrative expenses for the year were £20.6 million (FY20: £23.0 million). Adjusted administrative expenses[4] for the year were £19.4 million (FY20: £21.6 million). In March 2020, because of the pandemic we took a number of precautionary measures including a freeze on new hires, postponing salary increases for 2021 and limiting discretionary spend.

For our Contact Centre agents on zero-hour contracts we utilised the Government furlough scheme and received £0.3 million. These staff members were severely impacted during the pandemic, as the hours we were able to offer them were significantly reduced in line with our clients who were also heavily impacted during this period. By utilising the Government furlough scheme we were able to pay these their historic average hours during the period.

In the second half of the year, we identified a number of key hires that we needed to recruit to sustain our high service levels and ensure we are well-placed for a recovery in demand. Having frozen salaries throughout 2020, employees were awarded a salary increase from 1st January 2021 of on average 2.5%, which will last until the next formal salary review in April 2022. Included in administrative expenses is a trading foreign currency loss of £0.4 million (FY20: £0.3 million gain).

Profitability measures

Adjusted operating profit was £4.7 million (FY20: £4.7 million), level year on year. Included in the year were Coral licences of £0.3 million (FY20 £0.8 million) and a foreign currency loss of £0.4 million (FY20: gain £0.3 million). Adjusted EBITDA[2] for the year was £6.4 million, in line with the prior year (FY20: £6.4 million).

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Profit from operating activities	3,550	3,286
Amortisation of acquired intangible assets	663	979
Expenses relating to share option schemes	536	468
Adjusted operating profit[1]	4,749	4,733
Amortisation of intangible assets	398	314
Depreciation of owned assets	704	848
Depreciation of leased assets	505	491
Adjusted EBITDA[2]	6,356	6,386

Statement of financial position

While Eckoh continues to innovate by developing new products and features such as those detailed in the Chief Executive Officer's review, little of this is capitalised on the balance sheet with only £0.4 million (FY20: £0.4 million) added in the year to the value of the intangible assets of the Company. While taking a prudent approach to capitalising salary cost, which reduces reported profit, management believes this approach gives an accurate reflection of the trading performance of the Company.

Finance charges

For the financial year ended 31 March 2021, the interest payable charge was £87k (FY20: £68k). The interest charge is made up of bank interest of £54k (FY20: £50k) and interest on leased assets of £33k (FY20: £18k).

Taxation

For the financial year ended 31 March 2021, there was a tax charge of £717k (FY20: £166k charge). The effective tax rate in the financial year ended 31 March 2021 was 20.4% (FY20: 5.0%). The prior year tax rate was impacted as a result of a change in tax rate in the UK and the subsequent impact on the deferred tax balances.

Earnings per share

Basic earnings per share was 1.09 pence per share (FY20: 1.23 pence per share). Diluted earnings per share was 1.06 pence per share (FY20: 1.20 pence per share).

Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers have decreased in the current year, principally as new contracted business in the US has been predominantly for Cloud-based solutions. Where clients contract for their services to be provided in the Cloud or on our internal cloud platform, the level of hardware is significantly reduced and implementation fees are typically lower. This reduces the level of upfront cash received but drives a greater level of revenue visibility and earnings quality. Total contract liabilities were £12.5 million (FY20: £14.4 million), included in this balance are £11.3 million of contract liabilities relating to the Secure Payments' product or hosted platform product, a decrease from £1.8 million at the same time in the previous year. Contract assets as at 31 March 2021 were £4.4 million (FY20: £5.6 million).

Cashflow and liquidity

Gross cash at 31 March 2021 was £12.7 million, this is offset by a loan to Barclays Bank of £1.0 million, giving net cash at 31 March 2021 of £11.7 million, an improvement of £0.1 million from net cash of £11.6 million as at 31 March 2020. In the period the Company has repaid £1.0 million of the loans outstanding to Barclays Bank in accordance with the terms of the loan. There are two further quarterly loan repayments to make and following these repayments scheduled for April 2021 and July 2021 the business will be debt free. During the year, there has been a net cash outflow from working capital of £2.3 million (FY20: £1.1 million cash inflow). In addition, a Special Dividend payment of £1.6 million was made in October 2020.

Dividends

Post year end the Directors are recommending that a final dividend for the year ended 31 March 2021 of 0.61 pence per ordinary share be paid to the Shareholders whose names appear on the register at the close of business on 24 September 2021, with payment on 22 October 2021. The ex-dividend date will be 23 September 2021. This recommendation will be put to the Shareholders at the Annual General Meeting. Based on the shares in issue at the year end, this payment would amount to £1.6 million.

Chrissie Herbert
CHIEF FINANCIAL OFFICER
15 June 2021

1. Adjusted operating profit is the profit before adjustments for expenses relating to share option schemes and amortisation of acquired intangible assets
2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation of owned assets and leased assets, amortisation of acquired intangible assets and expenses relating to share option schemes
3. At constant exchange rates (using last year exchange rates)
4. Adjusted administrative expenses are administrative expenses excluding legal fees and settlement costs and expenses relating to share option schemes and amortisation of acquired intangible assets.

Responsible business

Eckoh is committed to running the business in an ethical and responsible manner and we focus our efforts on business ethics, employee engagement, our local community and the environment.

The impact of COVID-19 and the changes it has bought can not be underestimated. In addition, climate change and the negative impact it is having, and will continue to have, on all society is something that Eckoh and our employees can work harder at addressing. We all have a part to play and the Board and I are firmly committed to ensuring that Eckoh enhances its sustainability initiatives. There are also continuing issues around inclusivity, diversity and opportunity in wider society to which Eckoh can contribute.

We are a small company but with an international footprint and we aim to improve our environment, social and governance credentials. Over the next year we will formalise our objectives and targets and track and measure our performance in these areas.

The following pages show our commitment to being a socially responsible company, what we have done in the last financial year despite the challenge presented by COVID-19 and that we have a sound basis upon which to develop further. I am confident that we can deliver significantly on this over the next few years and that our people will rise to this great challenge

Business ethics

Eckoh has the following policies in place with respect to business ethics:

Whistle-blowing – we are committed to ensuring that practices and procedures in respect of all employees, business partners and clients are of the highest quality. Employees are encouraged to raise any instances of irregular conduct in the workplace.

Health and safety – we take all necessary steps to ensure the health and safety of all employees, contractors and visitors, through the provision and maintenance of a safe working environment.

Dignity at work policy – all employees of Eckoh have an important part to play in the overall success of the business and everyone is respected and valued for their contribution at every level. At Eckoh, we foster and promote a healthy, collaborative and supportive environment, which is encapsulated in our value called ‘humanity’. We encourage all our employees to work together in a harmonious manner that encourages self-development, team success and knowledge sharing. Eckoh is committed to protecting the dignity and wellbeing of everyone and encourages practices that take into account the rights of all individuals and seeks to eliminate all forms of unacceptable behaviour. It is in our best interests to promote a safe, healthy and fair environment where people are given every opportunity to excel and thrive in their workplace.

Equality and diversity – we are committed to an active equal opportunity policy, from recruitment and selection through to training and development, performance reviews and promotion. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, disability, gender, gender reassignment, pregnancy and maternity, sexual orientation, race, ethnic origin, or hours of work.

Anti-bribery – we set out clear standards for ethical relationships and conduct to be maintained by employees and contractors and conduct our business in accordance with the highest ethical standards. We do not offer or accept bribes.

Disciplinary and grievance procedures – we provide a fair and consistent method of dealing with disciplinary problems and treat misconduct with appropriate action. We ensure we treat any grievance an employee may have relating to their employment in a fair and reasonable manner.

Employee engagement

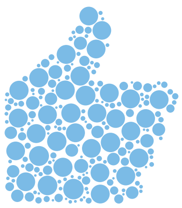
Eckoh believes that its employees are the source of our competitive advantage and a valuable asset to the business. We recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain talented people of the highest calibre.

During the last year the UK team, normally based in Hemel Hempstead have been working remotely from home and as a result the way we have engaged with the team during the last year has changed and evolved.

In the US, the majority of the team are home-based, with a small number of employees based in an office in Omaha. In March 2021, we moved to larger offices to accommodate the increased number of employees in Omaha, the office is in a better location to attract technical employees. The number of employees now based in the Omaha office is 20 of the 50 employees in the US team. The US office has been open through the year, subject to local restrictions, and at all times rotation schedules have been in place to enable employees to have contact with their colleagues in a safe manner.

As a business we embrace technology to enable remote working, teleconferencing and effective collaboration across the UK and US divisions. With the impact of COVID-19, all employees worked remotely during the last year both in the UK and US. In these unusual circumstances communication is key so, for both the UK and US businesses, there has been a weekly call with all employees to start the week. While these calls are focussed on updating all employees on the business, they also involve recognition and celebrating success.

Our values sit at the heart of the culture at Eckoh and are summarised below:



E encourage

We **Encourage** and support everyone to grow with Eckoh

C challenge

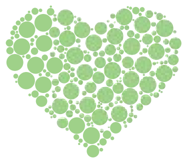
We **Challenge,** listen, and are open minded to change and suggestions from others

K knowledge

As trusted advisors, we use our **Knowledge** to solve challenges and deliver the best for our clients

O ownership

We take personal **Ownership** to strive for excellence in whatever we do

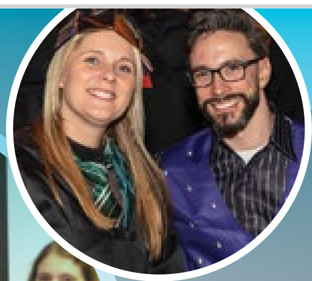


H humanity

We are welcoming, embrace diversity and respect each other in a spirit of true **Humanity**

During the last year and in response to COVID-19, we increased the amount of engagement with our employees. Each month the HR team organised virtual social events for the whole business, these ranged from escape room quizzes to celebrations and games for Halloween, Thanksgiving, Christmas and St. Patrick's Day, a 'Dare to Care' challenge in January, a celebration around International Women's day and most recently, a presentation around Earth Day.

Under normal circumstances in the UK, there are also more informal communications that take place, such as the CEO and CFO lunch, to which a number of employees are invited every two months. These have been replaced with a 'Tea at Three' which are themed sessions on Microsoft Teams,



bringing employees from the UK and US together for a social event in an informal environment for employees to relax and get to know other team members from across the business.

At each stage of the COVID-19 pandemic and the changes to restrictions through the year with multiple lockdowns in the UK, we consulted with our employees through all-employee staff surveys, and sought feedback on employees' well-being, whether employees wanted to return to the office when restrictions lifted and about the Company's response to the pandemic. Feedback was overwhelmingly positive demonstrating that our employees are highly engaged and supportive of the business.

From September 2020, we were able to safely open both the UK and US offices, for those employees who expressed a wish to be office-based for their health and well-being. We implemented changes in the offices to ensure the safety of those employees, from socially distanced seating arrangements, wearing of masks, to safe workflows around the office, air filter units were introduced, door pulls were put on doors to facilitate the opening of doors with employees' feet rather than hands. All these measures meant that for those employees who wished to return to the office, they could do so with peace of mind that it was as safe an environment as it could be.

As a result of the employee responses to the survey, as restrictions ease, we plan to re-open the UK office, where the expectation is that employees will return to the office for approx. 3 days per week, with the remainder days being worked remotely. This will ensure collaboration across the team to meet the business needs, but also acknowledge the change in approach that our employees and society are requesting.

We also offer an Employee Assistance programme for all employees and their direct families. This is a confidential and free service delivered by a third-party company and is accessible 24 hours a day, 365 days a year. It includes counselling sessions, practical guidance and support on legal, financial, family and work matters as well as online health and wellbeing resources.

Throughout the year employees in both the UK and US businesses are kept informed of the business performance, this is through six-monthly presentations following the announcement of results to the markets. In addition, trading statements are circulated and explained to the teams once publicly available. In addition to the business performance updates, there has also been a briefing to communicate the business strategy.

On an annual basis, the whole of the US team, under normal circumstances, is brought together for an annual conference. There is also a bi-annual Sales team conference, which is led by the US management team and focuses on the new business sales targets for the current financial year and includes product training for the Sales team. These conferences have been held via Microsoft Teams during the year.

At Eckoh, we strive to create a really positive working environment, listening to our employees and helping our employees enjoy their work and be successful in their role and deliver on business goals.

"At each stage of the COVID-19 pandemic we consulted with our employees. Feedback was overwhelmingly positive demonstrating that our employees are highly engaged and supportive of the business."

Employee recognition

Our employees deserve recognition and we do this through our 'RAVE' programme (Reward and Value Everyone), which encourages employees, both in the UK and US, to nominate their peers to receive an award. We encourage the nominations to be based on employees demonstrating the Eckoh values. We also run a twice-yearly Employee Award and have an annual Long Service Award recognising loyalty and commitment to us.

Benefits

We employ around 230 employees in total, with approximately 180 employees in the UK and 50 employees in the US. The benefits package is managed separately in each country to ensure that we attract the talent we need in each of the businesses.

In the US, our employees participate in a Health Benefits Plan that provides a valued level of healthcare.

Employees are also given the option to join pension plans appropriate to the UK and the US. In the UK this involves a Company approved pension plan with minimum employer and employee contributions and in the US a 401(k) plan. Since April 2014 in the UK all employees, except those that have expressly opted out, are auto-enrolled into a qualifying pension plan.

In September 2016, we introduced the Eckoh plc Share Incentive Plan ("the Plan"). The Scheme provides employees based in the UK with the opportunity to acquire shares in Eckoh plc. Shares are purchased on behalf of the employee from amounts sacrificed from their salary on a monthly basis and matched on a two for one basis by the Company. Any shares acquired will be held in a trust in accordance with the terms of the Plan. In order to maximise the tax benefits available, the employee must remain employed with the Company and hold the shares within the Trust for a minimum of five years. Currently, 65 employees participate in the scheme out of approx. 169 eligible in the UK.

In December 2019, a Sharesave scheme for US employees, a 423 plan, was approved by Shareholders at the 2019 AGM and launched in December 2019. Currently 26 employees participate in the scheme out of approx. 38 eligible in the US.

"Our investment in our employees helps to retain and motivate our people, as well as enabling high achieving employees to progress and flourish in their role."

Training & development

Eckoh's strength lies in the expert knowledge of our people. It is vital that our employees understand, and are passionate about, our products and technologies. Every new employee to Eckoh undergoes a detailed and thorough induction plan over a three-month period. The induction not only welcomes them to the business, but it provides them with a comprehensive overview of Eckoh, insight into our market proposition, our range of products, the security requirements of the Payment Card Industry Data Security Standard (PCI DSS), the organisational structure and our commercial model. Every induction plan is tailored to the individual's role, setting them up to be successful in their new role. In the UK and US, as part of the induction, every new employee meets with the CEO and CFO in their first two weeks and has a further opportunity after three months to meet with the CEO and CFO to give feedback on their experiences of Eckoh.

We encourage our people to continue to develop their skills and keep up-to-date with new technology, standards and processes. Training needs are identified through the regular check-in that team members have with their line managers. The check-in process has been re-launched during the year and is linked to our values, with two full check-ins annually and one 'light' check-in with the ability to provide 360-degree feedback.

Given the nature of our business there are regular security awareness initiatives and training sessions for employees across the business.

We encourage young school leavers, who may have been working in our UK contact centre, to progress from their roles as agents to junior roles in the organisation and despite the difficult circumstances with COVID-19 we have had a number of success stories where employees have been appointed into junior roles or have progressed from these junior roles into more senior positions within the organisation.

Our investment in our employees helps to retain and motivate our people, as well as enabling high achieving employees to progress and flourish in their role.

Health, safety, security, wellbeing and accessibility

Our employees' health matters to us and so the Company continues to prioritise the provision of healthy working environments for our employees and the health, safety, security and wellbeing of our employees is our highest priority. During the year, employees have largely been working remotely, and employees' health and well-being has been monitored through employee surveys, HR and Line Managers. In addition, in October all employees were encouraged to have 2 hours away from their screens, doing something for them. In January, the employee theme was 'Dare to Care' and centred around healthy eating and fitness.

When we are in the office, our UK and US offices are fully accessible with elevators to each floor and disabled parking spaces allowing our employees or guests with reduced mobility to move around easily.

Communities

At Eckoh, our employees are encouraged and supported to give something back to our local community. We do this through supporting local and national causes, raising money for charity and offering employees the opportunity to attend a volunteering day where they can really make a difference.

DENS Helping Build Lives and The Salvation Army

Each Christmas, Eckoh employees choose a charity they would like to support. The UK team chose to support DENS, helping build lives, which is a charity for people local to the UK office in Hemel Hempstead. The aim of the charity is to be the first port of call for people in Dacorum who are facing homelessness, poverty and social exclusion. The US team chose to support The Salvation Army, whose services are diverse and responsive to the realities of life in the communities we serve. In total the money donated through money raised by employees and a Company contribution was £2,720 for DENS and $928 for The Salvation Army.

Personal charities

A number of employees based in the US Omaha office also adopted a family at Christmas through The Salvation Army. This involved, for a specific family, buying winter clothing, Christmas presents, their Christmas lunch and paying their electricity bill, $600 was donated.

THE SALVATION ARMY

In the environment

Although operationally we do not manufacture products, Eckoh understands the impact our business and our employees can have on the environment and have acknowledged, over the last year, the changes in behaviour, due to the COVID-19 pandemic that have been to the benefit of the environment. For Earth Day, we organised a briefing for employees covering the environment, not only did it provide useful information on the impact we are all having on the environment, it also provided useful ideas of how we can all do our bit for the environment. As the COVID-19 pandemic restrictions are lifted over the coming months, we will be mindful of the changes in the business and our employees and ensure that we continue as a business to adopt, where possible, the behaviours that make a difference. Over the coming months we will also be setting out our objectives and targets for this area.

Eckoh has taken the following steps to ensure that we are doing all we can for the environment and to set a good example to those who we come into contact with:

- All our office and communal working areas lights are LED, thus reducing the electricity the Company uses on an on-going basis
- Energy efficient and motion sensor lighting installed in our offices
- Comprehensive recycling programmes established in all possible locations
- Encouraged working habits to, where possible, move away from paper to digitalisation of documents
- Photocopiers set to double-sided, black and white printing to reduce paper/ink use, although during the last year, this has further reduced significantly
- During the pandemic, the amount of business travel has reduced significantly and it will be monitored to ensure as restrictions ease that we continue, where appropriate to use web and phone-based conferencing systems
- Encouraged alternative methods of transport to travel to and from work e.g. cycle to work scheme, or local transport due to the location of the new Omaha office

Corporate Governance 2

Board of Directors

INDEPENDENT DIRECTORS

Christopher Humphrey BA MBA FCIMA
Non-Executive Chairman

Appointed to the Board – 21 June 2017
Appointed Chairman – 21 September 2017

Committee Membership:

Nominations (Chair), Audit, Remuneration

Skills & Experience:

Christopher is currently Senior Non-Executive Director and Audit Chairman of both AVEVA Group plc and The Vitec Group plc. Christopher was formerly Group Chief Executive Officer of Anite plc from 2008 until August 2015, having joined Anite in 2003 as Group Finance Director. He has held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc. He was previously a Non-Executive Director at Alterian plc and SDL plc.

Guy Millward
Non-Executive Director

Appointed to the Board – 1 October 2016

Committee Membership:

Audit (Chair), Nominations, Remuneration

Skills & Experience:

Guy is currently Chief Financial Officer at Wilmington plc. He has extensive experience in senior finance positions at several publicly and privately held companies in the electronics, software and IT sectors. His previous roles include that of CFO at Imagination Technologies Group plc, Advanced Computer Software Group plc, Quixant plc, Metapack Limited and Bighand Limited, Group Finance Director at Alterian plc, Morse plc and Kewill plc. Guy is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).

David Coghlan
Non-Executive Director

Appointed to the Board – 1 December 2017

Committee Membership:

Remuneration (Chair), Audit, Nominations

Skills & Experience:

David is currently Chairman of Synectics plc, an AIM-quoted provider of high-end electronic security systems and Chairman of Quadrant Group Limited, a leading independent supplier of aviation simulation and training, with subsidiaries in the UK and US. Until its takeover in December 2019, David was also a Non-Executive Director, and Chairman of the Audit Committee, of SCISYS plc, a software company quoted on AIM. He has extensive experience with technology companies in the business-to-business field. David was previously a partner at Bain & Company, a leading strategy consulting firm.

EXECUTIVE DIRECTORS

Nik Philpot

Executive Director - Chief Executive Officer

Appointed to the Board – 2 February 1999
Appointed to Chief Executive Officer – September 2006

Skills & Experience:

Nik is a founder of Eckoh with more than 30 years' experience in the voice services industry; he was originally at British Telecom before establishing a number of start-up businesses in the telecoms and technology sectors. As CEO of Eckoh, he has created a leading provider of Secure Payment solutions and Customer Contact services for the contact centre industry.

Chrissie Herbert

Executive Director - Chief Financial Officer & Company Secretary

Appointed to the Board – 2 May 2017

Skills & Experience:

Chrissie has held several senior finance positions with both publicly listed and privately held businesses. Her considerable background in high growth, consumer facing organisations includes Collect+ and Travelodge Hotels Ltd and she has gained payments experience from PayPoint plc, where she was UK & Ireland Finance Director.

Chrissie qualified as a Chartered Accountant with KPMG and is a Fellow of the ICAEW.

Chairman’s Statement on Corporate Governance

Dear Shareholder,

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group’s size, risk, complexity and stage of maturity.

The QCA Code follows 10 basic principles that requires companies to provide an explanation of how they consider that they are meeting those principles through a set of disclosures on their website and in their Annual Report.

As Chairman of Eckoh plc, I am ultimately responsible for the Corporate Governance of the Group but the Board as a whole considers that good corporate governance is a key driver in the success of the business and accountability to the Company’s stakeholders, including Shareholders, customers, suppliers and employees is a vital element in that governance.

In this Governance section we outline the Company’s approach to Corporate Governance and how we have complied with the QCA Code. The Board considers that it does not depart from any principles of the QCA code. It is the intention that the information contained within the report will be updated annually alongside the publication of the Group’s Annual Report or more frequently for any fundamental changes.

In 2021 the Board will adopt an ESG strategy and will formalise our objectives and targets and track and measure our performance in these areas. During the current year we will also evaluate and disclose, as a key performance indicator our Annual Recurring Revenue.

Christopher Humphrey
CHAIRMAN
15 June 2021

Quoted Companies Alliance Code Compliance

The following paragraphs set out the 10 QCA Code principles and how Eckoh has complied with those principles.

1 Establish a strategy and business model which promotes long-term value for Shareholders

The strategy and business model which explains the strategic objectives of the Group and how the Company generates and preserves value over the longer term are set out in the Strategic Report on pages 3 to 15 of this Annual Report.

The Board is collectively responsible for the long-term success of the Company and provides effective leadership by setting the strategic aim of the Company and overseeing the efficient implementation of these aims in order to achieve a successful and sustainable business. In practice the Executive Directors prepare and present the strategic plan to the Board which the Board challenges in order to determine the strategic priorities. On an ongoing basis the Board ensures that the strategic plan is taken into consideration in its decision-making process.

2 Seek to understand and meet Shareholders' needs and expectations

The Directors consider that the Annual Report and Financial Statements play an important role in providing Shareholders with an evaluation of the Company's position and prospects. The Board aims to achieve clear reporting of financial performance to all Shareholders. The Board acknowledges the importance of an open dialogue with its institutional Shareholders and welcomes correspondence from private investors.

The Executive Directors have an ongoing programme of meetings with institutional investors and analysts twice a year for up to two weeks at a time. Feedback from these meetings is reported to the Board. In normal circumstances, the Non-Executive Chairman would hold meetings with the major Shareholders, independently of the Executive Directors, however, during the pandemic this has not been possible. The Non-Executive Chairman intends to meet with the major Shareholders over the coming months.

In addition to the Annual Report and the Company's website, the Annual General Meeting (AGM) is an ideal forum at which to communicate with investors, and the Board encourages Shareholder participation. All Board members are planning to be present at the AGM and are available to answer questions from Shareholders.

The articles of association require that at the AGM one third, or as near as possible, of the Directors will retire by rotation. Christopher Humphrey and Chrissie Herbert will retire by rotation and put themselves forward for re-election at the AGM.

3 Take into account wider stakeholder and social responsibilities and their implications for long-term success

Eckoh's Business Responsibility statement, which focuses on our business ethics, employee engagement, our local community and the environment is found on pages 20 to 25.

In addition to the stakeholders covered in the Corporate Responsibility statement, our customers are also important stakeholders, whose opinions and voice Eckoh values highly. We have various channels for customers and prospects to communicate with the Group, through regular business reviews, that are conducted by our Client Services team, to post project reviews. In the UK there is an annual Customer Satisfaction survey which we are in the process of rolling out to our US customers.

4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for establishing and maintaining sound risk management and internal control systems, and for the monitoring of these systems to ensure that they are effective and fit for purpose. The Audit Committee provides support to the Board in this regard and overseas the monitoring process. Further information on the risk management and internal control system is set out in the Audit Committee report on page 34.

The Directors have carried out a robust assessment of the principal risks facing the Group and how these risks could affect the business, financial condition or operations of the Group. The explanation of these principal risks including how they are being mitigated can be found on pages 16 to 17.

5 Maintain the Board as a well-functioning, balanced team led by the Chair

The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Group. The Chairman is ultimately responsible for Corporate Governance. However, the Board is responsible for defining the corporate governance policies.

The Board is made up of three Non-Executive Directors and two Executive Directors and has delegated certain roles and responsibilities to its Audit, Nomination and Remuneration Committees whilst retaining overall responsibility.

Non-Executive Directors are all independent and are expected to devote sufficient time to the Company to meet their responsibilities.

The Board and its Committees met regularly throughout the year with the meetings scheduled around key dates in the Company's corporate calendar. There were twelve scheduled meetings during the year and two meetings at short notice. Directors in principle attend all meetings either in person or by video or telephone conference arrangements. The table below shows Directors' attendance of Board and Committee meetings.

Directors' meeting attendance 2020/21

	Board		Audit		Remuneration		Nomination	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Executive Directors								
Chrissie Herbert	12	6	3[1]	-	3[1]	1	1[1]	-
Nik Philpot	12	6	3[1]	-	3[1]	1	1[1]	-
Non-Executive Directors								
Christopher Humphrey	12	6	3	-	3	1	1	-
David Coghlan	12	6	3	-	3	1	1	-
Guy Millward	12	6	3	-	3	1	1	-

1. By invitation. The Executive Directors are not members of any of the Board Committees and they attended only the committee meetings to which they were specifically invited.

At Board meetings the Chairman ensures that effective decisions are reached by facilitating debate and consultations with management and external advisors as necessary. The work undertaken by the Board during the year is set out in the table below:

The agenda for each Board meeting includes the following as standing items:

- Risk analysis, including by risk, the risk factor and the monitoring mechanism
- Management report which is prepared and presented by the Chief Executive Officer
- Finance report, which is prepared and presented by the Chief Financial Officer and includes the management accounts and business performance, including forecast as appropriate.

Other matters which are covered by the Board routinely during the year include:

- Review of annual report and preliminary announcement
- Review of Executive Director's presentation of the full year results to analysts and investors
- One-day strategy session at which the Board considers management's presentation of the Strategic Plan and gives its approval
- Review and approval of the interim management statements for release to the market
- Recommendation of the final dividend
- Company secretarial & legal
- Setting of the Board calendar for the year.

Divisions of roles and responsibilities

The Chairman is responsible for the leadership of the Board and ensuring the effectiveness on all aspects of its role. There is a clear division of responsibility between the Chairman and the Chief Executive, which is as follows:

Chairman

Christopher Humphrey is the Non-Executive Chairman and he is responsible for managing the Board and ensuring it works effectively. The below are the roles and responsibilities of the Chairman for the financial year ended 31 March 2021.

- Setting the Board's agenda and ensuring the Board receives accurate, timely and clear information on all matters reserved to its decision and the Group's performance and operations
- Ensuring compliance with the Board's approved procedures
- Chairing the Nomination Committee and facilitating the appointment of effective and suitable members and Chairman of Board Committees
- Ensuring that there is effective communication by the Group with its Shareholders, including by the Chief Executive and Chief Financial Officer ensuring that members of the Board develop an understanding of the views of the major investors in the Group
- Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level.

Chief Executive

Nik Philpot is the Chief Executive and he is responsible for running the Group's business by proposing and developing the Group's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.

- Providing input to the Board's agenda and ensuring that reports provided to the Board are accurate, timely and include accurate information
- Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, compliance with the Board's approved procedures
- Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware
- Providing information and advice on succession planning to the Chairman, the Nomination Committee, and other members of the Board, particularly in respect of Executive Directors
- Leading the communication programme with Shareholders
- Promoting and conducting the affairs of the Group with the highest standards of integrity and corporate governance.

6 Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities.

All members bring different experiences and knowledge to the Board and between them they provide a blend of business understanding, technical knowhow, experience of public markets and financial expertise. The Board consider that this is appropriate to enable it to successfully execute its long-term strategy.

All members of the Board attend seminars and regulatory events to ensure that their knowledge is up to date and relevant. Where the Board considers it does not possess the necessary expertise or experience it will engage the services of professional advisors. The Board considers that the three non-Executive Directors, including the Chairman, are independent.

The biographies of each of the Directors can be found on page 26.

7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

During the financial year ended 31 March 2021, the Chairman led a formal review of the Board, its Committees and each Director. The performance evaluation of the Chairman was undertaken by the Chair of the Remuneration Committee, David Coghlan. The review centred on the following areas

- the Board's role and scope of its authority, how it is led by the Chairman, the frequency and time allotted to the Board meetings and their agendas
- the Committees' terms of reference, leadership, the frequency and time allotted to the Committee meetings and their agendas
- the Directors' feedback was free-ranging and unstructured with guidance on areas to consider.

A Board evaluation process will be carried out annually.

8 Promote a corporate culture that is based on ethical values and behaviours.

Our Business Responsibility section on pages 20 to 25 sets out the importance of business ethics to Eckoh and the way we do business. The employee engagement section on pages 21 to 24 demonstrates the value we place on our employees and the culture we drive in the UK and US business.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Board provides the strategic leadership for the Company and ensures that the business operates within the Corporate Governance framework that has been adopted. Its prime purpose is to ensure the delivery of Shareholder value in the long term by setting the business model and defining the strategic goals to achieve this.

The Board is supported by a Remuneration Committee, Audit Committee and Nomination Committee. Each Committee has formally delegated duties and responsibilities and the terms of reference for the Committees are reviewed annually. The Committee Chair is responsible for reporting, throughout the year, to the Board any recommendations or issues which require further consideration by the Board. The Board reviews annually the list of matters that are reserved for the Board.

The report on the Nomination Committee is set out below and the reports of the Audit Committee and the Remuneration Committee are set out on page 34 and page 37 respectively.

The role and responsibilities of the Chairman, Chief Executive and other Directors have been set out under principle 5 on pages 29 to 30 of the Annual Report.

10 Communicate how the Group is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Company is committed to open communication with all its Shareholders. Communication with Shareholders is predominantly through the Annual Report and AGM. The last AGM results can be found on the Group's website. Other communications are in the form of full-year and half-year announcements, periodic market announcements (as appropriate) one-to-one meetings and investor roadshows. The Remuneration Committee report is included on pages 37 to 42.

The Group's website **www.eckoh.com** is regularly updated. Annual Reports and Notices of Meetings can be found on the Group website.

Committees of the Board

Nomination Committee

The Nomination Committee currently comprises David Coghlan, Guy Millward and Christopher Humphrey, who is the Committee Chairman. It met once during the period and the details of meeting attendance are set out on page 29.

The Committee is responsible for considering and making recommendations on the appointment of additional Directors, the retirement of existing Directors and for reviewing the size, structure and composition of the Board and membership of Board Committees, which are considered against objective criteria.

Section 172(1) Statement –

Board engagement with our stakeholders

Section 172 of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long-term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customer and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company. The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, buy from us, supply to us, own us, regulate us, and live in the societies we serve and the planet we all inhabit. The Board recognises that building strong relationships with our stakeholders will help us deliver our strategy in line with our long-term values and operate the business in a sustainable way. The Board is committed to effective engagement with all its stakeholders.

For further details of how the Board operates and the way in which it makes decisions, including key activities during the financial year ended 31 March 2021 and Board governance, see pages 27 to 32 and the Board Committee reports thereafter. The Board regularly receives reports from Management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors, which it takes into account in its decision-making process under section 172. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate.

The Board receives updates from the Executive Management on various metrics and feedback tools in relation to employees, particularly over the last year with the impact of COVID-19. The results of the regular employee surveys have been feedback to the Board, as well as the additional safety measures that have been put in place in the offices to ensure a safe working environment for employees.

The Board regularly receives updates on feedback from investors from the Executive Management. In addition, the Chairman, CEO and CFO meet frequently with institutional investors to discuss and provide updates about – and seek feedback on – the business, strategy, long-term financial performance, Directors' remuneration policy and dividend policy to the extent appropriate. Considering the capital growth aims of Shareholders, the Directors are focussed on growing the US Secure Payments' business and enhancing our market leader position for contact centre security into the Cloud. The Directors will continue to evaluate acquisition opportunities that can support the growth strategy in contact centre security and customer engagement.

Relationships with customers are fostered and we listen to feedback through customer surveys. We also develop the relationships with clients through cross-selling appropriate additional product and services, which maximises client value and also ensures high retention of clients.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations as well as with the highest ethical standards. Both the Group's Board of Directors and Executive Management are determined to comply fully with the applicable law and regulations, and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

Audit Committee Report

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present our report for the year ended 31st March 2021. The Committee has considered the integrity of the Group's financial reporting and provided advice to the Board that the 2021 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, providing Shareholders with the necessary information to assess the Company's position, performance, business model and strategy. The activities of the Committee are kept under review in line with regulatory and market developments.

The Audit Committee currently comprises myself, David Coghlan and Christopher Humphrey. The Board considers that I have recent and relevant financial experience in accordance with the Code. Full biographical details of each of the current Committee members, including relevant financial experience are set out on page 26.

The key responsibilities of the Audit Committee are as follows:

- monitoring the financial reporting process, including the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance including reviewing significant financial reporting judgements contained therein
- reporting to the Board on the appropriateness of the significant accounting policies and practices of the Group
- risk management and the effectiveness of the Group's system of internal financial control
- overseeing the external auditors including its scope and cost effectiveness and monitoring and reviewing the independence of our external auditors and the provision of non-audit services to the Group
- overseeing the quality of the internal and external audit processes
- monitoring and reviewing the scope and areas internal audit should cover alongside the other programmes and process reviews the Company has.

The Committee has met three times during the year inviting the external auditors, the Chief Financial Officer and the Chief Executive Officer to each of these meetings. During one of the Audit Committee Meetings, the auditors were present, without the Chief Financial Officer or the Chief Executive Officer being present. The details of meeting attendance are set out on page 29.

Guy Millward
CHAIRMAN AUDIT COMMITTEE
15 June 2021

In the year under review the Audit Committee's activities were as follows:

Topic:	Actions:
Financial reporting	Review of the preliminary and interim results announcement and the Annual Report Review of significant accounting issues (as reported below) Consideration of the going concern basis for preparation of the financial statements and recommendation of the going concern statement to the Board Advising the Board on whether the Annual Report and financial statements taken as a whole, is fair balanced and understandable Review of the external auditors' reports and the outcomes of the audit process Review of internal audit reports presented during the year Ensuring the Company is fully prepared for Brexit On-going financial monitoring through the COVID-19 pandemic, ensuring financial reporting is relevant and timely and covering revenue, debtors, cost control and cashflow
Audit plans	Consideration and approval of the internal and external audit plans
Risk management and internal controls	Review of the principal risks and the mitigation of these risks as set out on page 16 to 17. Review and monitor the effectiveness and robustness of the Company's internal financial controls and processes and determine whether an internal audit function is required.
Committee governance	Review and update of the Audit Committee terms of reference.

The significant issues considered by the Committee in relation to the 2021 Financial statements, and how these were addressed, were:

- Risk of fraud in revenue recognition (including contract accounting)
  Revenue recognition is complex and involves calculation schedules and can be judgemental. Controls are in place to ensure revenue is only recognised for product solutions such as the hosted Customer Contact solutions and Secure Payment solutions, which are in effect a hosted solution, when the client accepts the service. The provision of the solution is deemed to be one single performance obligation, which includes the hardware revenue, the implementation fees and ongoing support and maintenance revenue which are spread evenly over the term of the contract once the solution has been delivered to the client. The costs directly attributable to the delivery of the hardware and the implementation fees will be capitalised as 'costs to fulfil a contract' and released over the contract term, thereby also deferring costs to later periods.

- Management override of controls
  We are satisfied adequate controls are in place and use the monthly management reporting and the results of the external audit to assess this on an on-going basis.

External audit

An annual review of the effectiveness of the external audit is undertaken by the Committee.

The effectiveness of the audit process is underpinned by the appropriate audit planning and risk identification at the outset of the audit cycle. The auditors provide a detailed audit plan, which includes the level of materiality and its assessment of the risks and other key matters for review. For the year ended 31 March 2021, the primary risks identified were: risk of fraud in revenue recognition (including contract accounting) and management override of controls. The Committee reviews and challenges the work undertaken by the auditors to test management's assumptions on these matters. An assessment of the effectiveness of the audit process in addressing these items is performed through the reporting received from the auditors at the year end. The Committee seeks feedback from management on the effectiveness of the audit process. No significant issues were raised with respect to the audit process for the financial year ended 31 March 2021 and the quality of the audit process was assessed to be good.

Based on the Committee's assessment, the Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of PricewaterhouseCoopers LLP as external auditors for the year ending 31 March 2022. There are no contractual obligations restricting the Committee's choice of auditors. A resolution for appointment of the auditors will be proposed at the forthcoming Annual General Meeting and is included in the Notice of Meeting which accompanies this report.

Non-audit services

The Committee reviews the level of non-audit fees for services provided by the auditors in order to satisfy itself that the auditors' independence is safeguarded. There were no non-audit fees paid to PricewaterhouseCoopers LLP in the year ended 31 March 2021.

In determining the most appropriate provider of non-audit services, the Committee will consider the knowledge and expertise of the potential providers and the proposed costs. Non-audit services will only be undertaken by the auditors where it is deemed to be the preferred provider and the provision of services poses no threat to its independence.

Details of the remuneration paid to the auditors for the statutory audit are set out in note 7.

Risk management and internal control

The review of risks facing the Group is shown on pages 16 to 17. The Group has clearly defined lines of accountability and delegation of authority which are closely adhered to and include policies and procedures that cover financial planning and reporting, accounts preparation, information security, project governance and operational management. The reporting and review processes provide regular assurance to the Board as to the adequacy and effectiveness on internal controls.

There are ongoing processes for identifying, evaluating and managing the Company's significant risks and related internal controls that are integrated into the Company's operations. Such processes are reported to, and reviewed by, the Board at each meeting. These processes have identified the risks most important to the Company (business, operational, financial, security and compliance), determined the financial implications, and assessed the adequacy and effectiveness of their control. The reporting and review process provide routine assurance to the Board as to the adequacy and effectiveness of the internal controls.

Internal audit

The Audit Committee annually reviews the requirement for an internal audit function. The Committee proposed in the year ended 31 March 2020, that as the Group continues to grow, particularly in the US, Grant Thornton UK LLP would be engaged to review the internal controls of the US Finance function during the financial year ending 31 March 2021. Grant Thornton UK LLP executed a review of the US Finance internal controls and reported the results to the Audit Committee.

Guy Millward
CHAIRMAN AUDIT COMMITTEE
15 June 2021

Remuneration Committee Report

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present our Remuneration Report for the financial year ended 31 March 2021, which has been approved by the Board.

This report is divided into two sections:

- The annual statement setting out the work of the Remuneration Committee in the financial year ended 31 March 2021; and
- The Remuneration Report, which sets out the Company's Remuneration Policy for Executive Directors and the Annual Remuneration Report detailing remuneration paid to Directors in the year ended 31 March 2021.

The membership and responsibilities of the Remuneration Committee are set out on page 26 of this report. Amongst its objectives, the Committee strives to ensure the Executive Directors' remuneration is aligned with the interests of Shareholders. The Remuneration Committee believes that Shareholders' interests are best served by linking a significant proportion of total potential remuneration to long-term performance.

Short and long-term incentives are structured to reward Executives for enhancing Shareholder value. The value received by Executive Directors under the current long-term share incentive arrangements depends on the degree to which the associated performance conditions are satisfied at the end of the five-year performance period. This ensures that substantial rewards will be received only if substantial value has been created for Shareholders.

In respect of the year under review the Remuneration Committee's activities were as follows:

- Due to COVID-19, the Executive Directors recommended to the Committee that no pay rises be awarded from 1 April 2020 to any employee in the organisation, including the Executive Directors. The Committee agreed with this approach and reviewed the position throughout the financial year ending 31 March 2021. I was pleased that as a business we felt able to award the pay rises that would normally have been awarded from 1 April 2021 three months early, so with effect from 1 January 2021.
- In April 2020, the Remuneration Committee sought advice from FIT Remuneration Consultants LLP given the situation with COVID-19. After deliberation, the following was proposed to the Board:
  - The Remuneration Committee considered that it was inappropriate at that point to define an Annual Bonus Plan for the financial year ending 31 March 2021. It was agreed to revisit this decision in the summer of 2020 when the situation and the impact of COVID-19 was more fully understood. The Remuneration Committee reviewed the situation in September and decided it remained inappropriate to define an Annual Bonus Plan for FY21 for the Executive Directors.
  - During the year there were no Share Options awarded to Senior Management in the business.
  - The Executive Management team have recommended a small level of discretionary bonuses be paid to staff generally for the year ended 31 March 2021.
- Monitor the functioning and take-up of the US Share Save Scheme. I am pleased that of the 38 employees eligible, 26 employees participate in the scheme.
- During the year under review, the Committee has continued to assess the succession plans for Senior Management reporting to the Executive Directors. The US Senior Management team was strengthened during the year.

The Remuneration Report in respect of the financial year ended 31 March 2021, which includes the Remuneration Policy as set out below, will be put to the Company's Shareholders for an advisory vote at the AGM to be held on 1 September 2021. I encourage all Shareholders to vote in favour of this resolution and, subject to government restrictions, I look forward to the opportunity to meet with Shareholders, subject to restrictions at the AGM.

David Coghlan

CHAIRMAN REMUNERATION COMMITTEE

15 June 2021

Remuneration Policy Report

The following is a summary of the Policy that covers remuneration for Executive Directors of the Company.

	Purpose and link to strategy	Operation	Performance measures
Base salary	Base salary is set at a level to secure the service of talented Executive Directors with the ability to develop and deliver a growth strategy.	Fixed contractual cash amount usually paid monthly in arrears. Reviewed annually, with any increases taking effect from 1 April each year. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	Not applicable
Benefits	To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance. Executive Directors are entitled to participate on the same terms as all UK employees in the UK Share Incentive Plan, the maximum contribution being £1,800 pa.	Not applicable
Annual Bonus	To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable Shareholder value	Paid annually and based on performance in the relevant financial year Award levels for Executive Directors are up to 50% of the Executive's base salary. The performance measures are reviewed annually and the Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year.	Measurement criteria and targets for the annual bonus are set annually by the Committee Currently, up to 50% of the annual bonus is based on the achievement of annual targets set against the Group's adjusted earnings before interest, tax, depreciation and amortisation. The remainder is based on the new business target in the year and the achievement of annual personal objectives The Committee reserves the right to vary the measurement criteria and targets annually to ensure the annual bonus remains appropriate and challenging Targets are measured over a one-year period. Payments range between 0% and 50% of base salary for threshold and maximum performance.
Performance Share Plan ("PSP")	To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares. To link long-term rewards to the creation of long-term sustainable Shareholder value by way of delivering on the Group's agreed strategic objectives.	Under the PSP, awards are made over a fixed number of shares, which will vest based on the achievement of performance conditions over a performance period of approximately 5 years from the 2017 AGM, ending 30 days after the announcement of the 2022 Full Year Financial Results.	• 25% vesting for compound growth in Total Shareholder Return ("TSR") of 10% pa • 100% vesting for compound growth in TSR of 25% pa or greater • Straight line vesting for intermediate performance between threshold and maximum performance. Below threshold none of the award will vest.
Pension contribution	To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears Executive Directors receive a contribution of 10% of base salary into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	Not applicable

Annual Report on Remuneration

The following section provides details of how Eckoh's Remuneration Policy was implemented during the financial year ended 31 March 2021. The following pages contain information that is required to be audited in compliance with the Directors' Remuneration requirements of the Companies Act 2006. All narrative and quantitative tables are unaudited unless otherwise stated.

Remuneration Committee membership in 2020/21

The Remuneration Committee currently comprises myself, Christopher Humphrey and Guy Millward. The Committee members are all independent Directors and are responsible for developing policy on remuneration for the Executive Directors.

The Remuneration Committee is formally constituted with written terms of reference which set out the full remit of the Committee. The Remuneration Committee met three times during the year. The details of meeting attendance are set out on page 29.

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Chairman, to advise on specific questions raised by the Committee. The Chief Executive Officer and the Chief Financial Officer were not present for any discussions that related directly to their own remuneration.

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review the Committee has received advice from FIT Remuneration Consultants LLP.

Summary of Shareholder voting at the 2020 AGM

The following table shows the results of the Shareholder advisory vote on Annual Remuneration Report:

	Total number of votes	% of votes cast
For (including discretionary)	128,518,093	99.99%
Against	8,000	0.01%
Total votes cast (excluding withheld votes)	128,526,093	
Total votes withheld	19,657	
Total votes cast (including withheld votes)	128,545,750	

Directors' single figure of total remuneration (audited)

The following table sets out the single figure of total remuneration for Directors for the financial year ended 31 March 2021 and 2020:

	Base salary/fees		Benefits[1]		Pension		Annual bonus		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors										
Chrissie Herbert	187	186	13	13	18	18	-	75	218	292
Nik Philpot[2]	322	320	16	16	-	-	-	118	338	454
Non-Executive Directors										
David Coghlan	36	36	-	-	-	-	-	-	36	36
Christopher Humphrey	63	62	-	-	-	-	-	-	63	62
Guy Millward	36	36	-	-	-	-	-	-	36	36
Total	644	640	29	29	18	18	-	193	691	880

1. Benefits includes car allowance, healthcare cover & death in service
2. N Philpot has elected to have all his Company pension contribution added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

Incentive outcomes for the year ended 31 March 2021

Annual bonus in respect of 2020/21 performance

Annual bonus in respect of 2020/21 performance

There were no bonus payments accrued for the Executive Directors for the year ended 31 March 2021 (FY20: 40%). A small level of discretionary bonuses were accrued for staff members (FY20: 5% of salary).

Scheme interests awarded in the year ended 31 March 2021

Performance Share Plan ("PSP") (audited)

In line with the PSP rules, no further awards were made to any recipients of the Initial Awards. The table below provides details of the Initial awards made under the PSP on 23 November 2017 to Nik Philpot and Chrissie Herbert. Performance for these awards is measured over approximately five years from the 2017 AGM and will end 30 days after the announcement of the 2022 Full Year Financial Results.

Executive Director	Face value (% of salary)	Number of shares awarded	Face value[1] £	Potential award for minimum performance	Performance measures
Nik Philpot	140%	3,750,000	1,921,875	25% of face value	• 25% vesting for compound growth in TSR of 10% pa • 100% vesting for compound growth in TSR of 25% pa • Straight line vesting for intermediate performance between threshold and maximum performance
Chrissie Herbert	112%	2,250,000	1,153,125		

1. Face value has been calculated using the Company's share price at the end of the date of the award of £0.5125.

No further awards will be made to any recipients of the Initial Awards until 2022 (when the Initial Awards are expected to vest).

In the ten-year period from the 2017 AGM, the Company may not issue, under the PSP and any other employees' Share plan adopted by the Company, interests in shares comprising in aggregate more than 10% of the issued Ordinary Share Capital of the Company.

Except for the Initial Awards, awards will normally vest on the later of the expiry of the third anniversary of the date of grant of the award and the date that the Committee determines the extent to which the applicable performance criteria have been satisfied and provided in normal circumstances that the participant is still a Director or employee of the Company's Group.

During the financial year ended 31 March 2021, no awards were made to any employee in the UK and US. Details of awards made in previous years can be found in note 22.

Payments to past Directors (audited)

In the financial year ended 31 March 2021 and 2020, there were no payments made to past Directors.

Chairman and Non-Executive Director fees

The Chairman and Non-Executive Directors were paid the following fees in the financial year ending 31 March 2021:

Role	2021 Annual fee £k
Chairman	63
Non-Executive Director	31
Chairman of a Committee	5

Fees for the Chairman, Non-Executive Directors and Committee Chairmen are reviewed annually. As a result of the pay-freeze in light of COVID-19, the fees for the Chairman and Non-Executive Directors base salaries were not increased from 1 June 2020. In addition, a Committee Chairman fee for the Audit Committee and Remuneration Committee of £5,100 per annum was not increased from 1 June 2020. Both the fees for the Chairman and Non-Executive Directors base salaries and the Committee Chairman fee for the Audit Committee and Remuneration Committee were increased by 2% from 1 January 2021. There will be no further increase on 1 June 2021.

Directors' shareholdings

The shareholdings of the Directors and their connected persons in the Ordinary Shares of the Company against their respective shareholding requirement as at 31 March 2021:

	31 March 2021 Ordinary Shares of 0.25 pence each	1 April 2020 Ordinary Shares of 0.25 pence each
Nik Philpot[1]	7,001,285	6,976,285
Chrissie Herbert	35,000	20,000
Christopher Humphrey	525,000	500,000

1. Nik Philpot's spouse is the beneficial owner of 80,000 shares that are included above.

Directors’ interests in shares in Eckoh’s long-term incentive plans and all-employee plans
Directors' share options (audited)

The Directors’ interests in share options are shown in the following table:

	Note	At 1 April 2020 (number)	Granted in year (number)	Forfeited in year (number)	Exercised in year (number)	At 31 March 2021 (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
Nik Philpot	1	3,750,000	-	-	-	3,750,000	0.00	15.07.22	22.11.27
Chrissie Herbert	2	500,000	-	-	-	500,000	47.50	21.06.20	21.06.27
Chrissie Herbert	1	2,250,000	-	-	-	2,250,000	0.00	15.07.22	22.11.27

1. Granted under the 2017 Eckoh plc Performance Share Plan (“PSP”), as approved at the 2017 AGM.
2. Granted under the 2016 LTIP (see below).

Long-Term Incentive arrangements for Directors

In addition to the PSP described above, the Company operates an additional long-term share incentive scheme for Directors and Senior Managers (“the 2016 LTIP”). The 2016 LTIP was implemented following prior discussions with major Shareholders of the Company. Under this scheme, the Company may issue a maximum of 2% of the share capital each year for the 3 years ending 31 March 2019 to the Senior Managers of the business. All options granted under this scheme carry an exercise price equal to the market price at the date of grant and are subject to vesting based on achievement of performance criteria. Grants of options under this arrangement were made in March 2016 and March 2017 to a total of 34 Senior Management employees. The Chief Executive Officer was not awarded any share options in the years ended 31 March 2016 and 31 March 2017.

Share options of 500,000 were awarded under the 2016 LTIP to Chrissie Herbert, Chief Financial Officer following her appointment on 2 May 2017. These are disclosed in the above and below tables. Total grants under the 2016 LTIP have been as follows:

Date of issue	Number of senior management	Granted in year (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
23 March 2016	28	4,100,000	43.5	23.03.19	23.03.26
2 May 2016	1	500,000	43.5	02.05.19	02.05.26
13 October 2016	2	500,000	38.875	13.10.19	13.10.26
31 March 2017	21	4,000,000	39.5	31.03.20	31.03.27
21 June 2017	1	500,000	47.5	21.06.20	21.06.27

The Company does not intend to grant any further awards under the 2016 LTIP.

Share Incentive Plan (audited)

The Group operates a Share Incentive Plan (SIP) in the UK. The scheme and plan are open to all UK employees, including the Executive Directors. As at 31 March 2020 and 2021, Chrissie Herbert participates in the UK scheme and the details are shown below:

	Number of Partnership Shares purchased at 31 March 2020	Number of Matching Shares purchased at 31 March 2020	Dividend Shares[1] acquired at 31 March 2020	Total Shares at 31 March 2020	Number of Partnership Shares[2] purchased during the year	Matching Shares[3] awarded during the year	Dividend Shares acquired during the year	Dates of release of Matching Shares[4]	**Total Shares at 31 March 2021**
Chrissie Herbert	11,179	22,358	465	34,002	3,083	6,166	366	Dec 21	43,617

1. Dividend Shares are Ordinary Shares of the Company purchased with the value of dividends paid in respect of all other shares held in the plan.
2. Partnership Shares are Ordinary Shares of the Company purchased, every six months by the Company with the monthly contributions made by the employee, during the period (at prices from £0.56 to £0.61).
3. Matching Shares are Ordinary Shares of the Company awarded conditionally in line with the purchase of the matching shares every six months, during the period.
4. The dates used are based on the earliest allocation of the Matching Shares. Matching Shares will be released as each six-month Partnership Agreement matures, 3.5 years after commencing.

Executive Directors' service contracts

Nik Philpot has a service contract that is terminable on twelve months' notice by either party while Chrissie Herbert has a service contract that is terminable on nine months' notice by either party.

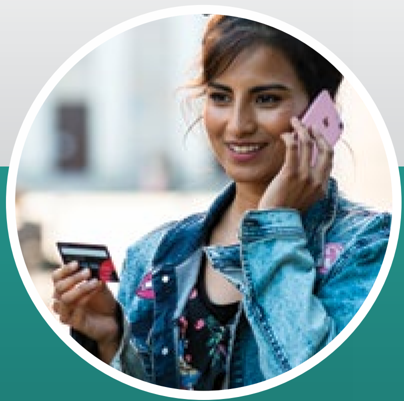
Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment terminable by six months' notice on either side.

External advisors

The Committee receives independent advice from FIT Remuneration Consultants LLP as the Committee's appointed remuneration advisor during the financial year ended 31 March 2021. During the year the level of fees paid to remuneration advisors totalled £nil (2020: £nil).

David Coghlan
CHAIRMAN REMUNERATION COMMITTEE
15 June 2021



Directors' Report

The Directors present the Directors' Report, together with the audited Financial Statements for the year ended 31 March 2021.

Principal activities, results and likely future developments

The principal activities of the Group are:

- Secure Payment products, which help organisations reduce the risk of fraud; secure sensitive data, comply with the Payment Card Industry Data Security Standard ("PCI DSS") and wider security regulations such as the General Data Protection Regulation ("GDPR").
- Customer Contact solutions, which help organisations transform the way they engage with their customers.

The profits for the year after taxation amounted to £2.8 million (2020: £3.1 million). Further comments on the development of the business are included in the Chairman's Statement, Chief Executive's Report and Financial Review on pages 6 to 19.

Statutory information

Eckoh plc (The Company) is a Public Limited Company incorporated in the United Kingdom (Registration number 03435822). The Company's Ordinary Shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM).

The Company has a trading subsidiary, located in the USA, whose operations and results are included in the financial statements of the Company.

The subsidiary undertakings are listed in note 15.

Share capital

The Company has only Ordinary Shares of 0.25 pence nominal value in issue along with 1,577,138 of shares held in treasury. Note 20 to the consolidated financial statements summarises the rights of the Ordinary Shares as well as the number issued during the year ended 31 March 2021.

Substantial shareholdings

As at 31 March 2021, the Company had been advised under the Disclosure Guidance and Transparency Rules, or had ascertained from its own analysis, that the following held more than 3% of the issued capital:

Name of holder	No.of ordinary shares/voting rights	% of issued capital/voting rights
Canaccord Genuity Group Inc	43,761,942	17.16
Kestrel Investment Partners	29,778,125	11.68
Liontrust Asset Mgt	24,818,636	9.73
Blackrock Inc	21,066,514	8.26
Herald Investment Mgt	16,273,723	6.38
Chelverton Asset Mgt	9,142,000	3.58

Annual General Meeting (AGM)

The 2021 AGM will be held at 11:00 on 1 September 2021.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions and encourages Shareholders to vote in favour of each of them as they intend to in respect of their own shareholdings.

Directors' and Officers' liability insurance and indemnification of Directors

The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and these remain in force at the date of this report.

Financial instruments

The financial risk management objectives and policies of the Group and the exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk are outlined in note 3 to the consolidated financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2020: nil).

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. Bank covenants have been reviewed and the current bank loan will be fully repaid in July 2021.

Our US operation is underpinned completely by fixed contractual fees. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, with varying levels of commitment. The UK operation continued to operate in an uncertain business climate and the ongoing lockdown inevitably resulted in further delays to projects and purchasing decisions. Some of our largest clients in the travel, retail and leisure sectors have had their transactional activity severely reduced during the financial year ended 31 March 2021, which continued to impact our UK revenue, but this was not reflected proportionately in revenue. This will continue into the current financial year until such time as restrictions are lifted and volumes can return to pre-pandemic levels. We are continually monitoring our clients' ability to pay invoices and for the year ended 31 March 2021 we have not had to provide for any debts and this information can be found in note 17.

A key business indicator is our total orders and new business orders. In the US, one positive consequence of the pandemic has been the rapid increase in the number of Secure Payments contracts won and delivered through Eckoh's Cloud platforms, as large enterprises have accelerated their move into the Cloud.

We do not anticipate this trend to reverse and whilst this reduces the upfront payments (and cash received) for implementations, it increases the proportion of recurring revenue and improves the operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK and US businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including the severe yet plausible downside scenario, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

Subsequent events

There were no events after the balance sheet date.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the 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.

Dividends

No interim dividend was paid during the year (2020: nil), however, due to cancelling the Final Dividend for the year ended 31 March 2020, a Special Dividend was paid in October 2020. The Special dividend paid was £0.61 pence per share, the same level as the Final Dividend for the year ended 31 March 2019 and amounted to £1.6 million.

The Directors recommend the payment of a Final dividend of 0.61p (2020: nil) per Ordinary Share amounting to £1.6 million (2020: nil) to be paid on 22 October 2021. This recommendation will be put to the Shareholders at the Annual General Meeting.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue as the Company's auditors. As outlined in the Audit Committee report on page 34, resolutions proposing their appointment and to authorise their remuneration will be proposed at the 2021 AGM.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Chrissie Herbert
COMPANY SECRETARY
15 June 2021

Independent auditors' report to the members of Eckoh plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Eckoh plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2021 (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 31 March 2021; the Consolidated statement of total comprehensive income, the Consolidated statement of changes in equity and Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We conducted full scope audit work over the operations of Eckoh UK and Eckoh US due to their financial significance to the group. In addition, we performed full scope audit of Eckoh plc ("the Company"). The reporting entities subject to audit procedures accounted for 100% of both group's revenue and profit for 2021 and 100% of net assets as at 31 March 2021.

Key audit matters

- Revenue recognition (group)
- Impact of Covid-19 (group and company)

Materiality

- Overall group materiality: £305,000 (2020: £331,000) based on 1% of total revenue.
- Overall company materiality: £322,600 (2020: £332,500) based on 1% of total assets (restricted for the purpose of the group audit to £232,000 (2020: £240,000).
- Performance materiality: £228,700 (group) and £241,900 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit. The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – group Revenue in the year ended 31 March 2021 was £30,486k (FY20: £33,178k). See note 4 to the financial statements The approach to revenue recognition as set out under IFRS 15 is complex and can be judgemental especially where contracts with customers have variable consideration. Due to its expected impact on the group, we deem the contract revenue recognition as a key audit matter.	Our procedures included the following: • For a sample of customer contracts, determined whether the correct judgement was exercised in recognising revenue according to the five-step revenue recognition approach set out by IFRS 15; • Recalculating revenue recognition schedules to confirm the accuracy of these schedules; • For a sample of customer contracts with deferred revenue and costs at the year-end, we assessed management's judgements used in estimating the amounts deferred; and • Performing testing on unusual revenue journal entries. Based on the procedures performed, we noted no material uncorrected issues.
Impact of Covid-19 - group and company Management and the board have considered the potential impact caused by the global pandemic of Covid-19 on the current and future operations of the group and company. In doing so, management has focused on the group and company's ability to continue as a going concern with adequate liquidity and to comply with banking covenants if required. In order to conclude that it is appropriate for the financial statements to be prepared on a going concern basis, management has performed detailed analysis of the impact of Covid-19 on revenue, profit and cashflows for the group and company. In doing so, management had made estimates and judgements that are critical to the outcome of these considerations. Given the magnitude of the potential implications of the Covid-19 on the group and company performance and economy as a whole, we deem this as a key audit matter.	Our procedures included the following: • Agreeing key inputs used in the forecasts prepared by management to appropriate audit evidence (such as actual performance since 1 April); • Considering the historical accuracy of the budgeting process to gain assurance over the reliability of the forecasted numbers; • Discussing underlying assumptions such as considerations of significant contracts, potential renewals and recoverability of trade receivables with management and using our understanding of the industry to confirm reasonableness of these assumptions; • Performing stress testing of the group and company cashflow forecast model to assess cash burn out after accounting for various sensitivities (such as reduced revenue and no new contracted business scenarios); and • Obtaining and auditing management's forward-looking banking covenant calculations to confirm no potential covenant breaches. On the basis of the analysis performed we found the assumptions used and disclosures provided to be appropriate

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Eckoh plc has both its corporate and operating headquarters in London, United Kingdom. The audit engagement team is aligned to Eckoh plc's geographical organisation and largely reflects the management structure. As Eckoh plc's corporate headquarters are based in London, the Group audit engagement team is also based in London with no support required from any auditors from other territories. The largest trading entity is Eckoh UK. This entity, along with Eckoh US and the company were the only components requiring an audit of its complete financial information for the purposes of the consolidated group audit. In total the audit work performed accounted for 100% of both consolidated revenue and profit and 100% of consolidated net assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£305,000 (2020: £331,000).	£322,600 (2020: £332,500).
How we determined it	Based on 1% of total revenue	Based on 1% of total assets
Rationale for benchmark applied	We have applied this benchmark as a generally accepted auditing practice for groups at the growth stage and based on what management deems to be a key performance indicator.	Total assets is the benchmark which is a generally accepted auditing practice for non-profit oriented holding entities.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £232,000 to £280,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £228,700 for the group financial statements and £241,900 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £15,200 (group audit) (2020: £16,500) and £16,100 (company audit) (2020: £16,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing stress testing of the group's cashflow forecast model to assess cash burn out after accounting for various sensitivities (such as reduced revenue and no new contracted business scenarios).
- Obtaining and auditing management's forward-looking banking covenant calculations to confirm no potential covenant breaches.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of health and safety regulations, employment law, AIM regulations, Payment Card Industry Data Security Standards (PCI DSS), General Data Protection Regulation (GDPR) and taxation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that group and company management may record inappropriate journal entries, and the risk of bias in accounting estimates and judgements;. Audit procedures performed by the engagement team included.

- Enquiring of management and those charged with governance together with inspection of policy documentation as to the group's and company's high-level policies and procedures to prevent and detect fraud and inspection of regulatory correspondence, to identify actual and potential breaches of laws and regulations. These enquiries were corroborated through review of board minutes provided;
- Enquiring of those charged with governance and management as to whether they have knowledge of any actual, suspected or alleged fraud;
- Auditing the risk of management override of controls, including using Computer Assisted Audit Techniques ("CAATS") in identifying journal entries to test based on risk criteria (such as unusual entries to revenue) and comparing the identified entries to supporting documentation; and

- Testing accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
15 June 2021

Financial Statements

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Consolidated statement of total comprehensive income

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	4	30,486	33,178
Cost of sales		(6,291)	(6,854)
Gross profit	4	24,195	26,324
Administrative expenses		(20,645)	(23,038)
Operating profit		3,550	3,286
Adjusted operating profit		4,749	4,733
Amortisation of acquired intangible assets	11	(663)	(979)
Expenses relating to share option schemes	22	(536)	(468)
Profit from operating activities	5	3,550	3,286

Finance charges	8	(87)	(68)
Finance income	8	48	84
Profit before taxation		3,511	3,302
Taxation	9	(717)	(166)
Profit for the financial year		2,794	3,136

Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		134	(48)
Other comprehensive income/(expense) for the year, net of income tax		134	(48)
Total comprehensive income for the year attributable to the equity holders of the Company		2,928	3,088

		2021	2020
Profit per share		pence	pence
Basic earnings per 0.25p share	10	1.09	1.23
Diluted earnings per 0.25p share	10	1.06	1.20

Consolidated statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	11	**6,527**	7,313
Property, plant and equipment	12	**4,307**	3,851
Right-of-use leased assets	13	**1,310**	277
Deferred tax assets	9	**3,211**	3,805
		15,355	15,246
Current assets			
Inventories	16	**174**	312
Trade and other receivables	17	**13,277**	13,494
Cash and cash equivalents	18	**12,706**	13,541
		26,157	27,347
Total assets		**41,512**	42,593
Liabilities			
Current liabilities			
Trade and other payables	19	**(18,482)**	(21,078)
Other interest-bearing loans and borrowings	21	**(975)**	(975)
Lease liabilities	13	**(517)**	(233)
		(19,974)	(22,286)
Non-current liabilities			
Other interest-bearing loans and borrowings	21	**-**	(975)
Lease liabilities	13	**(825)**	(33)
Deferred tax liabilities	9	**(296)**	(290)
		(1,121)	(1,298)
Net assets		**20,417**	**19,009**
Equity			
Called up share capital	20	**638**	638
Share premium account		**2,663**	2,663
Capital redemption reserve		**198**	198
Merger reserve		**2,697**	2,697
Currency reserve		**982**	848
Retained earnings		**13,239**	11,965
Total equity		**20,417**	**19,009**

The financial statements were approved by the Board of Directors on 15 June 2021 and signed on its behalf by:

C Herbert
CHIEF FINANCIAL OFFICER

Company Registration Number 3435822

Company statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**2,909**	2,843
Investments in group companies	14	**20,153**	19,854
Deferred tax asset		**2**	2
Long-term debtor	17	**3,506**	-
		26,570	22,699
Current assets			
Trade and other receivables	17	**643**	3,889
Cash and cash equivalents	18	**5,055**	6,661
		5,698	10,550
Total assets		**32,268**	33,249
Liabilities			
Current liabilities			
Trade and other payables	19	**(16,388)**	(19,053)
Other interest-bearing loans and borrowings	21	**(975)**	(975)
		(17,363)	(20,028)
Non-current liabilities			
Other interest-bearing loans and borrowings	21	**-**	(975)
Deferred tax liabilities	9	**(133)**	(133)
		(133)	(1,108)
Net assets		**14,772**	**12,113**
Equity			
Called up share capital	20	**638**	638
Share premium account		**2,663**	2,663
Capital redemption reserve		**198**	198
Merger reserve		**2,697**	2,697
Retained earnings		**8,576**	5,917
Total equity		**14,772**	**12,113**

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own income statement in these financial statements. The Company's loss after tax for the year was £372,000 (2020: profit after tax of £329,000). The financial statements were approved by the Board of Directors on 15 June 2021 and signed on its behalf by:

C Herbert
CHIEF FINANCIAL OFFICER

Company Registration Number 3435822

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Currency reserve £'000	Retained earnings £'000	Total Share-holders' equity £'000
Balance at 1 April 2020	638	2,663	198	2,697	848	11,965	19,009
Profit for the financial year	-	-	-	-	-	2,794	2,794
Other comprehensive income for the year	-	-	-	-	134	-	134
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**134**	**2,794**	**2,928**
Dividends paid in the year	-	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(138)	(138)
Shares purchased for share ownership plan	-	-	-	-	-	(241)	(241)
Share based payment charge	-	-	-	-	-	303	303
Deferred tax on share options	-	-	-	-	-	114	114
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(1,520)**	**(1,520)**
Balance at 31 March 2021	**638**	**2,663**	**198**	**2,697**	**982**	**13,239**	**20,417**

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Currency reserve £'000	Retained earnings £'000	Total Share-holders' equity £'000
Balance at 1 April 2019	635	2,659	198	2,697	896	10,099	17,184
Profit for the financial year	-	-	-	-	-	3,136	3,136
Other comprehensive expense for the year	-	-	-	-	(48)	-	(48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(48)**	**3,136**	**3,088**
Dividends paid in the year	-	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(187)	(187)
Shares purchased for share ownership plan	-	-	-	-	-	(146)	(146)
Shares issued under the share option schemes	3	4	-	-	-	-	7
Share based payment charge	-	-	-	-	-	407	407
Deferred tax on share options	-	-	-	-	-	214	214
Total contributions by and distributions to owners	**3**	**4**	**-**	**-**	**-**	**(1,270)**	**(1,263)**
Balance at 31 March 2020	**638**	**2,663**	**198**	**2,697**	**848**	**11,965**	**19,009**

Company statement of changes in equity

for the year ended 31 March 2021

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	638	2,663	198	2,697	5,917	12,113
Profit for the financial year and total comprehensive income	-	-	-	-	4,293	4,293
Dividends paid in the year	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	(138)	(138)
Shares purchased for share ownership plan	-	-	-	-	(241)	(241)
Share based payment charge	-	-	-	-	303	303
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**(1,634)**	**(1,634)**
Balance at 31 March 2021	**638**	**2,663**	**198**	**2,697**	**8,576**	**14,772**

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019	635	2,659	198	2,697	7,072	13,261
Profit for the financial year and total comprehensive income	-	-	-	-	329	329
Dividends paid in the year	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	(187)	(187)
Purchase of own shares	-	-	-	-	(146)	(146)
Shares issued under the share option schemes	3	4	-	-	-	7
Share based payment charge	-	-	-	-	407	407
Total contributions by and distributions to owners	**3**	**4**	**-**	**-**	**(1,484)**	**(1,477)**
Balance at 31 March 2020	**638**	**2,663**	**198**	**2,697**	**5,917**	**12,113**

Consolidated statement of cash flows

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	25	**4,385**	7,240
Tax paid		**(10)**	(88)
Interest paid	8	**(54)**	(50)
Interest paid on lease liability	8	**(33)**	(18)
Net cash generated from operating activities		**4,288**	7,084
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(1,175)**	(571)
Purchase of intangible assets	11	**(573)**	(951)
Interest received	8	**48**	84
Net cash utilised in investing activities		**(1,700)**	(1,438)
Cash flows from financing activities			
Dividends paid		**(1,558)**	(1,558)
Repayment of borrowings		**(975)**	(1,300)
Principal elements of lease payments		**(461)**	(503)
Shares purchased for share ownership plan		**(241)**	(187)
Issue of shares		**-**	7
Cash outflow from acquiring shares from the Employee Benefit Trust		**(138)**	(146)
Net cash utilised in financing activities		**(3,373)**	(3,687)
(Decrease)/increase in cash and cash equivalents		**(785)**	**1,959**
Cash and cash equivalents at the start of the period	18	**13,541**	11,582
Effect of exchange rate fluctuations on cash held		**(50)**	-
Cash and cash equivalents at the end of the period	**18**	**12,706**	**13,541**

The notes on pages 58 to 82 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2021

GENERAL INFORMATION

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

Eckoh plc is a public limited Company and is incorporated in the UK under the Companies Act 2006. The address of the Company's registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

Eckoh plc (the "Company") is a global provider of Secure Payment products and Customer Contact solutions.

The Group financial statements consolidate its subsidiaries (together referred to as the "Group"). The Company's financial statements present information about the Company as a separate entity and not about its Group.

1. Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and the Company's financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", and applicable law). On publishing the Company's financial statements here together with the Group's financial statements, the Company is taking advantage of the exemptions provided in s408 of the Companies Act 2006 not to present its individual Income Statement and related notes that form part of these approved financial statements. The Company has also applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Comparative period reconciliation for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- IFRS 2 Share based payments in respect of group settled share-based payments.

This financial information has been prepared on a going concern basis and under the historical cost convention.

The Group's and Company's financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest one thousand, except where stated.

NEW ACCOUNTING STANDARDS EFFECTIVE FOR THE GROUP AND COMPANY IN THESE FINANCIAL STATEMENTS:

There has been no material impact on the financial statements of adopting new standards or amendments.

An amendment to IFRS 16: Leases was issued by The International Accounting Standards Board (IASB) on 28 May 2020. The amendment provides lessees with a practical expedient from assessing whether a COVID-19-related rent concession is a lease modification. The amendment was not applicable to the Group.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFIC) have issued the following standards and interpretations with an effective date after the date of these financial statements which are not expected to have significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance contracts

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements.

Our US operation is underpinned completely by fixed contractual fees. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, with varying levels of commitment. The UK operation continued to operate in an uncertain business climate and the ongoing lockdown inevitably resulted in further delays to projects and purchasing decisions. Some of our largest clients in the travel, retail and leisure sectors have had their transactional activity severely reduced during the financial year ended 31 March 2021, which continued to impact our UK revenue, but this was not reflected proportionately in revenue. This will continue into the current financial year until such time as restrictions are lifted and volumes can return to pre-pandemic levels. We are continually monitoring our clients' ability to pay invoices and for the year ended 31 March 2021 we have not had to provide for any debts and this information can be found in note 17.

A key business indicator is our total orders and new business orders. In the US, one positive consequence of the pandemic has been the rapid increase in the number of Secure Payments contracts won and delivered through Eckoh's Cloud platforms, as large enterprises have accelerated their move into the Cloud. We do not anticipate this trend to reverse and whilst this reduces the upfront payments (and cash received) for implementations, it increases the proportion of recurring revenue and improves the operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK and US businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including the severe yet plausible downside scenario which assumes no new business, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

2. Summary of principal accounting policies

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's and Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The policies, and the related notes to the financial statements, are found below:

Impairment of investments in subsidiaries (Company only)

The Company has an investment in subsidiaries balance of £20.1m (2020: £19.9m) and intercompany receivables of £4.1m (2020: £3.9m). Management have reviewed the investment in subsidiaries and concluded that there is no impairment.

Share based payments

The fair value of share-based payments is estimated using the methods detailed in note 22 and using certain assumptions. The Black Scholes valuation model has been used in determining the fair value of share-based payments. The key assumptions around volatility, expected life and risk-free rate of return are based, respectively, on historic volatility over a similar previous period, management's estimate of the average expected period to exercise, and the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

CRITICAL ACCOUNTING JUDGEMENTS

Contract revenue

In accordance with IFRS 15: Revenue from Contracts with Customers, the revenue recognition is complex and involves calculation schedules and can be judgemental. Controls are in place to ensure revenue is only recognised for product solutions such as the hosted Customer Contact solutions and Secure Payment solutions, which are in effect a hosted solution, when the client goes live with the service. The provision of the solution is deemed to be one single performance obligation and the hardware revenue, the implementation fees and ongoing support and maintenance revenue are spread evenly over the term of the contract once the solution has been delivered to the client. The costs directly attributable to the delivery of the hardware and the implementation fees will be capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods.

Deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences but, where there exist deductible temporary differences, judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. At 31 March 2021, the Group recognised deferred tax assets of £3.2 million, including £2.0 million in respect of tax losses and tax credits. Deferred tax assets amounting to £6.1 million were not recognised in respect of trading losses of £0.6 million and capital losses of £5.5 million. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits differ from estimates.

BASIS OF CONSOLIDATION

(a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

(c) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

INTANGIBLE ASSETS

(a) Goodwill

Goodwill represents the excess of the fair value of the consideration paid over the fair value attributable to the net assets acquired and is capitalised on the Group balance sheet.

Goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised in the period in which it is identified.

(b) Acquired intangible assets

Intangible assets acquired by the Group are capitalised at the fair value of the consideration paid and amortised over their expected useful economic lives. The expected useful economic life of intangible assets is assessed for each acquisition as it arises. The acquired intangibles currently held are amortised over the following period:

Customer relationships – 5 years
Intellectual property – 5 years
Trade name – 3 years

(c) Research and development

Research costs are charged to the income statement in the year in which they are incurred. Development expenses include expenses incurred by the Group to set up or enhance services to clients. Development costs that mainly relate to staff salaries are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs that do not meet those criteria are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset, which is generally assumed to be three years.

Amortisation is charged to administrative expenses in the income statement.

The carrying value of intangible assets is assessed at the end of each financial year for impairment.

IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and the value-in-use based on an internal discounted cash flow evaluation. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost or fair value at acquisition, net of depreciation and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising on the disposal of an asset is determined by comparing the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its expected useful life, as follows:

Land – is not depreciated
Buildings – 25 years
Fixtures and equipment – between 3 and 6 years
Leasehold improvements – over the term of the lease

Material residual values and useful lives are reviewed, and adjusted if appropriate, at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Company holds an investment property, which comprises of freehold land and office buildings that are held for capital appreciation.

The Investment Property was initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are held at cost less accumulated impairment losses.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

FINANCIAL ASSETS

Trade and other receivables

Trade and other receivables do not carry interest and are stated at their fair value as reduced by allowances for estimated irrecoverable amounts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for an extended period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

In the cash flow statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of bank loans.

Credit and liquidity risk management is described in note 3.

EQUITY

Equity comprises the following:

Share capital represents the nominal value of Ordinary Shares.
Capital redemption reserve represents the maintenance of capital following the share buy back and tender offer.
Share premium account represents consideration for Ordinary Shares in excess of the nominal value.
Merger reserve represents consideration in excess of the nominal value of shares issued on certain acquisitions.
Currency reserve represents exchange differences arising on consolidation of Group companies with a functional currency different to the presentation currency.
Retained earnings represent retained profits less losses and distributions

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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. Foreign exchange differences arising on translation are recognised in the income statement, with the exception of exchange differences arising on quasi-equity liabilities which are recognised in other comprehensive income. 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.

The Group does not enter into forward contracts to hedge forecast transactions.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. Such translation differences would be reclassified to profit and loss in the period in which the operation is disposed of.

LEASES

Following the implementation of IFRS 16 Leases, from 1 April 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. Interest expense is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Where leases include an element of variable lease payment or the option to extend the lease at the end of the initial term, each lease is reviewed and a decision is made on the likely term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement, during the year there was a franking machine and the rental of a storage unit.

EMPLOYEE BENEFITS

(a) Pensions

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

(b) Bonus schemes

The Group recognises a liability and an expense for bonuses payable to: i) employees based on a formula derived from management assessment of individual performance; and ii) senior management and executive directors based on achievement of a series of financial and non-financial targets.

(c) Share-based payments

From time to time on a discretionary basis, the Board of Directors award high-performing employees bonuses in the form of share options. The options are subject to a three-year vesting period and their fair value is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period. The fair value of share options granted is recognised within staff costs with a corresponding increase in equity. The proceeds received are credited to share capital and share premium when the options are exercised.

The fair value of share options was measured using the Black Scholes valuation model, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold of vesting.

IFRS 2 has been applied to all options granted after 7 November 2002 that have not vested on or before 1 April 2006. A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date (see separate policy).

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's shares at the balance sheet date and is spread over the vesting period of the share options.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase to equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

(d) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ('ESOP') is a separately administered trust. The assets of the ESOP comprise shares in the Company and cash. The assets, liabilities, income and costs of the ESOP have been included in the financial statements in accordance with SIC 12, 'Consolidation - Special purpose entities' and IAS 32, 'Financial Instruments: Disclosure and Presentation'. The shares in the Company are included at cost to the ESOP and deducted from Shareholders' funds. When calculating earnings per share these shares are treated as if they were cancelled.

(e) US share save scheme

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees are invited to enrol in the 2019 Sharesave Scheme annually and are granted an option to purchase up to a number of Ordinary Shares at the end of the offering period. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

GOVERNMENT GRANTS

The Group has received government assistance as a result of the COVID-19 pandemic in the form of contributions towards employee costs. For Government assistance which meets the definition of a Government grant, under IAS 20 the Group applies the income approach to account for the grants received. As such, the grant is recognised in the Income Statement as a reduction of the related costs incurred. In the period ending 31 March 2021, grant income of £311k, (FY20: £nil) relating to claims made for Contact Centre Agents, who are employed on Zero-hour contracts, was received. There are no unfulfilled conditions or other contingencies attached to this government assistance.

REVENUE RECOGNITION

The Group recognises revenue in accordance with IFRS 15: Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. Revenue represents the fair value of the sale of goods and services and after eliminating sales within the Group and excluding value added tax or overseas sales taxes. The following summarises the method of recognising revenue for the solutions and products delivered by the Group.

(i) Secure Payment solutions and hosted services

Due to the unique nature of the Secure Payments solution and clients' reliance on Eckoh's PCI-DSS Level 1 compliance, the delivery and on-going support and maintenance of the Secure Payments solution under IFRS 15 is one single performance obligation. Therefore, revenue for implementation fees for our hosted Secure Payments solution and our hosted Customer Contact services; and revenue for hardware and implementation fees for our hosted or onsite Secure Payments solution are typically received at the beginning of the contract and held on the balance sheet as contract liabilities. This revenue is recognised evenly over the period of the contract from the point of delivery of the solution to the client. Costs directly attributable to the delivery of the hardware, the implementation fees and the sales commission costs are deferred onto the balance sheet and held as contract assets and released over the contract term from the point of delivery of the solution to the client.

In addition to the initial set-up costs, there are on-going support and maintenance and running costs of the service. In the UK, the revenue is typically recognised on a transaction basis, where the business has determined that users have accessed its services via a telephone carrier network and/or the Group's telecommunications call processing equipment connected to that network. In the US business where the Secure Payments business is contracted on an opex style basis the monthly licence fee charged to the client is recognised in the month it relates to.

(ii) Third party support services

Revenue is earnt from providing expert third party support for contact centre infrastructure and is recognised on a pro-rated basis over the period of the contract.

(iii) Coral product

Revenue arises from the sale of licences, implementation fees and on-going support and maintenance. Under IFRS 15, each component is defined as a performance obligation. Revenue is recognised for sales of licences when they are delivered to the client; revenue from implementation fees is recognised by estimating a percentage of completion based on the direct labour costs incurred to date as a proportion of the total estimated costs required to complete the implementation; and revenue for on-going support and maintenance is recognised each month as the service is provided.

TAXATION

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not provided if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

FINANCIAL LIABILITIES

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group or Company becomes a party to the contractual provisions of the instrument. Financial liabilities are stated at amortised cost.

A financial liability is derecognised only when the obligation is discharged, is cancelled or it expires.

3. Financial risk management

The operations of the Group expose it to a variety of financial risks: liquidity risk, interest rate risk, foreign currency risk and credit risk. Policies for managing these risks are set by the Board following recommendations from the Chief Financial Officer. All financial risks are managed centrally. The policy for each of the above risks is described in more detail below.

The Group's financial instruments comprise cash, short-term deposits, finance leases and various items, such as receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. Similarly, the Group did not undertake any financial hedging arrangements during the year under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year-end.

LIQUIDITY RISK

Through detailed cash flow forecasting and capital expenditure planning, the Group monitors working capital and capital expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations as they fall due. Cash at bank is pooled and invested in overnight money market accounts and deposits.

The contractual maturities of financial liabilities are set out in note 21.

INTEREST RATE RISK

The Group principally finances its operations through Shareholders' equity and working capital. The Group and Company has exposure to interest rate fluctuations on the loan, its cash and short-term deposits.

The Group has adopted a sensitivity analysis that measures changes in the fair value of financial instruments and interest-bearing loans and any resultant impact on the income statement of an increase or decrease of 2% in market interest rates.

	2% decrease in interest rates £'000	**2% increase in interest rates £'000**
Impact on financial interest in the income statement: (loss)/gain	(74)	74

FOREIGN CURRENCY RISK

The Group's principal exposure to exchange rate fluctuations arises on the translation of overseas net assets, profits and losses into the presentation currency. This risk is managed by taking differences that arise on the retranslation of the net overseas investments to the currency reserve. Foreign currency risk on cash balances is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes. No sensitivity analysis is provided in respect of foreign currency risk as due to the Group's working capital management practices the risk is considered to be moderate. The risk is further explained in the principal risks and uncertainties on pages 16 to 17.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base with the joint objectives to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital comprises all components of equity (i.e. share capital, capital redemption reserve, share premium and retained earnings). The Board manages the capital structure and makes adjustments as required in the light of changes in economic conditions. The Board may return capital to Shareholders, issue new shares or sell assets in order to maintain capital.

Credit risk management is described in note 17.

FINANCIAL ASSETS

Current financial assets	2021 £'000	2020 £'000
Trade receivables (note 17)	4,551	4,464
Other receivables (note 17)	838	748
Cash and cash equivalents (note 18)	12,706	13,541
Total financial assets	**18,095**	**18,753**

FINANCIAL LIABILITIES

Current financial liabilities	2021 £'000	2020 £'000
Trade payables (note 19)	2,193	2,510
Other payables (note 19)	294	188
Accrued liabilities (note 19)	3,771	4,158
Lease liabilities (note 13)	1,342	266
Total financial liabilities	**7,600**	**7,122**

Other interest-bearing loans and borrowings

Information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are disclosed below. For more information about the Group's exposure to interest rate and foreign currency risk, see above.

Non-current financial liabilities	2021 £'000	2020 £'000
Secured bank loans	-	975
Current financial liabilities		
Current portion of secured bank loans	975	975

Terms and debt repayment schedule

	Currency	Nominal interest rate	Maturity date	Carrying amount 2021 £'000
Bank Loan	Sterling	1.25% plus LIBOR.	See note 21	975

The collateral to these loans is the land and buildings carrying value of £3 million.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the reporting period. Diluted EPS is determined by adjusting the weighted average number of Ordinary Shares outstanding for the effects of all potential dilutive Ordinary Shares.

DIVIDENDS

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Shareholders. Interim and Special dividends are recorded in the financial statements in the period in which they are approved and paid.

DETERMINATION AND PRESENTATION OF OPERATING SEGMENTS

The Eckoh Group determines and presents operating segments based on the information that internally is provided to the Executive Management team, considered to be the Chief Operating Decision Maker.

An operating segment is a component of the Eckoh Group that engages in business activities from which it may earn revenues and incur expenses.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

The Directors consider that disclosing alternative performance measures enhances Shareholders' ability to evaluate and analyse the underlying financial performance of the Group. They have identified adjusted operating profit and adjusted EBITDA as measures that enable the assessment of the performance of the Group and assists in financial, operational and commercial decision-making. In adjusting for this measure the Directors have sought to eliminate those items of income and expenditure that do not specifically relate to the underlying operational performance of the Group in a specific year. The table below reconciles operating profit to adjusted operating profit[1] and adjusted EBITDA[2] identifying those reconciling items of income and expense.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating profit	3,550	3,286
Amortisation of acquired intangible assets	663	979
Expenses relating to share option schemes	536	468
Adjusted operating profit[1]	**4,749**	**4,733**
Amortisation of other intangible assets	398	314
Depreciation of owned assets	704	848
Depreciation of leased assets	505	491
Adjusted EBITDA[2]	**6,356**	**6,386**

1. Adjusted operating profit is the profit before adjustments for expenses relating to share option schemes and amortisation of acquired intangible assets.
2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation of owned assets, amortisation of acquired intangible assets and expenses relating to share option schemes.

4. Segment analysis

The segmentation is based on analysing Eckoh UK (including Eckoh Omni) and Eckoh US.

Information regarding the results of each operating segment is included below. Performance is measured on operating segments based on the information that internally is provided to the Executive Management team, considered to be the Chief Operating Decision Maker.

Current period segment analysis	Eckoh UK £'000	Eckoh US £'000	Total 2021 £'000	Total 2020 £'000
Segment Revenue	**18,037**	**12,449**	**30,486**	**33,178**
Gross profit	15,299	8,896	**24,195**	26,324
Administrative expenses	(13,022)	(7,623)	**(20,645)**	(23,038)
Operating profit	**2,277**	**1,273**	**3,550**	**3,286**
Adjusted operating profit	**3,069**	**1,680**	**4,749**	**4,733**
Other expenses[1]	(792)	(407)	**(1,199)**	(1,447)
Operating profit	**2,277**	**1,273**	**3,550**	3,286
Profit before taxation	**2,285**	**1,226**	**3,511**	**3,302**
Segment assets				
Trade receivables	2,648	1,903	**4,551**	4,464
Deferred tax asset	3,335	422	**3,757**	3,805
Segment liabilities				
Trade and other payables	3,581	1,562	**5,143**	4,816
Capital expenditure				
Purchase of tangible assets	698	368	**1,066**	569
Purchase of leases	1,138	408	**1,546**	769
Purchase of intangible assets	573	-	**573**	951
Depreciation and amortisation				
Depreciation of property, plant & equipment	542	162	**704**	848
Depreciation of leased assets	408	97	**505**	491
Amortisation	665	396	**1,061**	1,293

1. Other expenses comprise expenses relating to share option schemes and amortisation of acquired intangible assets

In 2020/21 there was one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group. In 2019/20 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group.

The key segments reviewed at Board level are the UK (including Eckoh Omni) and US operations.

Revenue by geography	Eckoh UK £'000	Eckoh US £'000	2021 £'000	2020 £'000
UK	17,804	-	17,804	20,275
United States of America	-	12,321	12,321	12,504
Rest of the World	233	128	361	399
Total Revenue	**18,037**	**12,449**	**30,486**	**33,178**

Timing of revenue recognition	Eckoh UK £'000	Eckoh US £'000	Total 2021 £'000	Total 2020 £'000
Services transferred at a point in time	15,462	7,778	23,240	27,215
Services transferred over time	2,575	4,671	7,246	5,963
	18,037	**12,449**	**30,486**	**33,178**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021 £'000	2020 £'000
Receivables, which are included in, 'Trade and other receivables'	4,551	4,464
Contract assets which are included in 'Trade and other receivables'	4,359	5,587
Contract liabilities which are included in 'Trade and other payables'	(11,347)	(13,194)
	(2,437)	**(3,143)**

Payment terms and conditions in client contracts may vary. In some cases, clients pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

Contract assets result when costs directly attributable to the delivery of the hardware and the implementation fees are capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods and revenue earnt not yet invoiced.

Contract liabilities result from client payments in advance of the satisfaction of the associated performance obligations and relates primarily to revenue for hardware and implementation fees. Contract liabilities are released as revenue is recognised.

Contract assets and contract liabilities are reported on a contract-by-contract basis at the end of each reporting period.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	Contract assets £'000	31 March 2021 Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	7,092
Current year billings recognised in contract liabilities	-	5,971
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	2,846	-
Costs deferred in current year and unbilled revenue included in contract assets	2,014	-

Contract costs

	31 March 2021 £'000	31 March 2020 £'000
Deferred implementation costs	1,698	2,209
Deferred hardware costs	316	1,167
	2,014	3,376

Contract costs are capitalised as 'costs to fulfil a contract' and are amortised when the related revenues are recognised, which are spread evenly over the length of the contract, typically 3 years.

Transaction price allocated to the remaining performance obligations

The total amount of revenue held in contract liabilities and allocated to unsatisfied performance obligations is £11.3m (FY20: £13.2m). We expect to recognise approximately £5.4m (FY20: £6.3m) in the next 12 months, £5.9m (FY20: £6.7m) in 1-3 years and the remainder in 3 years or more in time.

The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the Group's revenue is transactional in nature or is invoiced monthly for support and maintenance and these are not included in the contract liabilities.

Prior period segment analysis	Eckoh UK £'000	Eckoh US £'000	Total 2020 £'000
Segment revenue	20,468	12,710	33,178
Gross profit	17,074	9,250	26,324
Administrative expenses	(13,962)	(9,076)	(23,038)
Operating profit	**3,112**	**174**	**3,286**
Adjusted operating profit	**3,662**	**1,071**	**4,733**
Other expenses[1]	(550)	(897)	(1,447)
Operating profit	**3,112**	**174**	**3,286**
Profit before taxation	**3,139**	**163**	**3,302**
Segment assets			
Trade receivables	2,900	1,564	4,464
Deferred tax asset	3,335	470	3,805
Segment liabilities			
Trade and other payables	2,604	2,212	4,816
Capital expenditure			
Purchase of tangible assets	502	67	569
Purchase of intangible assets	951	-	951
Depreciation and amortisation			
Depreciation of property, plant & equipment	660	188	848
Depreciation of leased assets	394	97	491
Amortisation	624	669	1,293

1. Other expenses include expenses relating to share option schemes and amortisation of acquired intangible assets.

Revenue by geography	Eckoh UK £'000	Eckoh US £'000	2020 £'000
UK	20,275	-	20,275
United States of America	-	12,504	12,504
Rest of the World	193	206	399
Total Revenue	**20,468**	**12,710**	**33,178**

5. Profit from operating activities

	2021 £'000	2020 £'000
The Group's profit from operating activities is arrived at after charging:		
Employee benefits expense (note 6)	14,104	14,505
Amortisation of intangible assets (note 11)	1,061	1,293
Depreciation of property, plant and equipment (note 12)	704	848
Depreciation of leased assets (note 13)	505	491
Inventory recognised as an expense (note 16)	32	205

6. Employee benefits expense

	2021 £'000	2020 £'000
Government grants receivable towards employee costs	(311)	-
Wages and salaries	12,502	12,768
Less: Internal development costs capitalised in the year	(379)	(371)
Amortisation of internal development costs	327	245
Social security costs	1,235	1,193
Other pension costs	194	202
Share based payments	536	468
	14,104	**14,505**

The Remuneration Report on page 37 provides further details on the Directors' emoluments. The monthly average number of people (including Executive Directors) employed by the Group during the year was:

	2021 Number	2020 Number
Technical support	97	107
Customer services	38	37
Administration and management	59	69
	194	**213**

Excluded from the table above are 23 (2020: 19) full time equivalent casual call centre employees who cost £305,398 (2020: £352,737) in the year.

7. Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2021 £'000	2020 £'000
Fees payable for the audit of the Company and consolidated financial statements	39	32
Fees payable for other services:		
The audit of subsidiary undertakings comprising continuing operations	85	69
Total fees payable to the Group's auditors	**124**	**101**

8. Finance income and finance charges

	2021 £'000	2020 £'000
Interest receivable		
Bank interest receivable	48	84
	48	84

	2021 £'000	2020 £'000
Finance expense		
Bank interest payable	(54)	(50)
Lease interest payable	(33)	(18)
	(87)	**(68)**

9. Taxation

	2021 £'000	2020 £'000
Tax recognised in profit and loss		
Current tax expense		
Current year	1	2
Adjustments in respect of prior periods	2	(229)
	3	(227)
Deferred tax credit		
Origination and reversal of temporary differences	697	555
Adjustments in respect of prior periods	3	176
Foreign exchange translation	21	(7)
Effect of tax rate change	(7)	(331)
	714	393
Total tax charge	**717**	**166**

A credit of £114k (2020: credit of £214k) for deferred taxation in relation to share options was recognised directly in equity.

The tax charge for the year is different (2020: different) to the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

Continuing operations	2021 £'000	2020 £'000
Profit before taxation	3,511	3,302
Profit multiplied by rate of corporation tax in the UK of 19% (2020: 19%)	667	627
Additional foreign tax suffered	1	2
Effect of expenses not deductible for tax purposes	10	2
Non-taxable income	(20)	-
Adjustments in respect of prior periods (current and deferred)	5	(53)
Movement on deferred tax not recognised	16	(40)
Deferred tax impact of UK rate change	45	(41)
Deferred tax impact of rate change on intangible assets	(7)	(331)
Tax charge for the year	**717**	**166**

Recognition of deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital allowances differences	-	-	-	-	-	-
Short term timing differences	954	913	(100)	-	854	913
Tax losses	2,006	2,477	-	-	2,006	2,477
Property, plant and equipment	251	415	(182)	(226)	69	189
Intangible assets	-	-	(14)	(64)	(14)	(64)
Tax losses carried forward	**3,211**	**3,805**	**(296)**	**(290)**	**2,915**	**3,515**

Included in the deferred tax liability is £133k (FY20: £133k) which relates to the Company and comes from acquired deferred tax liabilities.

Movement in deferred tax balances during the year

	2021 £'000	2020 £'000
Balance at 1 April	3,515	3,586
Recognised in income statement	(714)	(393)
Recognised in equity	114	322
Balance at 31 March	**2,915**	3,515

Unrecognised deferred tax assets

There are unprovided deferred taxation assets totalling £6,058k (2020: £6,042k). These have arisen in respect of trading losses of £575k (2020: £559k) and in respect of capital losses of £5,483k (2020: £5,483k). The trading losses have not been recognised due to the uncertainty of future taxable profits being available to utilise these. The capital losses have not been recognised due to restrictions over their utilisation. There is no expiry date on the trading losses or the capital losses carried forward.

10. Earnings per share

The basic and diluted earnings per share are calculated on the following profit and number of shares. Earnings for the calculation of earnings per share is the net profit attributable to equity holders of the Company.

	2021 £'000	2020 £'000
Earnings for the purposes of basic and diluted earnings per share	**2,794**	**3,136**

Denominator	2021 £'000	2020 £'000
Weighted average number of shares in issue in the period	255,351	255,085
Shares held by employee ownership plan	(1,862)	(1,630)
Shares held in Employee Benefit Trust	-	-
Number of shares used in calculating basic earnings per share	253,489	253,455
Dilutive effect of share options	9,426	8,782
Number of shares used in calculating diluted earnings per share	**262,915**	**262,237**

11. Intangible assets

Group	Goodwill	Computer software	Customer relationships	Intellectual property	Trade name	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2019	5,014	3,221	3,626	7,236	384	19,481
Additions	-	922	-	29	-	951
Foreign exchange	152	4	149	22	16	343
At 31 March 2020	**5,166**	**4,147**	**3,775**	**7,287**	**400**	**20,775**
Additions	-	525	-	48	-	573
Transfer of assets	-	(372)	-	372	-	-
Foreign exchange	(283)	(7)	(277)	(42)	(29)	(638)
Disposals	-	-	-	(2)	-	(2)
At 31 March 2021	**4,883**	**4,293**	**3,498**	**7,663**	**371**	**20,708**
Accumulated amortisation						
At 1 April 2019	-	2,376	2,381	6,984	276	12,017
Charge for the year	-	358	743	120	72	1,293
Foreign exchange	-	5	117	18	12	152
At 31 March 2020	**-**	**2,739**	**3,241**	**7,122**	**360**	**13,462**
Charge for the year	-	362	498	163	38	1,061
Transfer of assets	-	(273)	-	273	-	-
Foreign exchange	-	(7)	(267)	(40)	(28)	(342)
At 31 March 2021	**-**	**2,821**	**3,472**	**7,518**	**370**	**14,181**
Carrying amount						
At 31 March 2021	**4,883**	**1,472**	**26**	**145**	**1**	**6,527**
At 31 March 2020	5,166	1,408	534	165	40	7,313

The Company has no intangible assets. (2020: nil).

Within the intangible category of computer software in the above table is internally developed computer software, as at 31 March 2021 this had a net book value of £1,466k (2020: £1,269k).

Amortisation of acquired intangible assets included in the charge for the year in the above table was £663k (2020: £979k). This is made up of Customer Relationships, Intellectual Property and Trade name, with the exception of £36k of Intellectual Property which relates to amortisation on self-generated assets in Eckoh UK Limited. Within Intellectual Property is an intangible asset acquired when Eckoh Omni Limited (previously known as Klick2Contact (EU) Limited) was purchased.

On an annual basis an impairment review of goodwill is undertaken to determine a value in use calculation for each cash generating unit (CGU) using cashflow projections. Management have identified the CGUs as Eckoh UK, including Eckoh Omni and Eckoh US in the current and prior year.

Management have performed a profitability forecast for the next five years for each of the CGUs, which are based on the latest three-year plan approved by the Board. Management is satisfied that the carrying value of Goodwill and Other Intangible Assets are supported based on the expected performance of the CGUs.

Goodwill acquired through business combinations have been allocated to the following CGUs:

- Eckoh – UK
- Eckoh – US

These represent the lowest level within the Group at which Goodwill is monitored for internal management purposes.

	Goodwill 31 March 2021 £'000	Goodwill 31 March 2020 £'000	Market growth rate %	Discount rate %
Eckoh – UK	2,373	2,373	10%	13.9%
Eckoh – US	2,510	2,793	20%	13.9%
Total	**4,883**	**5,166**		

No impairment has been recorded in the current year for Eckoh UK or Eckoh US. The main assumptions which related to sales volume, selling prices and cost changes, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecasts is based on a market participant's pre – tax weighted average cost of capital adjusted for the specific risks in the CGUs. Growth rate used to extrapolate beyond the plan year and terminal values are based upon minimum expected growth rates of the individual businesses.

Sensitivity to the changes in assumptions

If forecast revenues fell by 70%, no impairment in the carrying values of Eckoh UK and Eckoh US would be required, in addition if there was no further growth in either Eckoh UK or Eckoh US, no impairment in the carrying value of Eckoh UK and Eckoh US would be required.

12. Property, plant and equipment

	Leasehold improvements £'000	Land an buildings £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 1 April 2019	30	3,068	7,062	10,160
Additions	-	-	569	569
Foreign exchange	2	-	64	66
At 31 March 2020	32	3,068	7,695	10,795
Additions	-	109	1,066	1,175
Foreign exchange	(3)	-	(126)	(129)
Disposals	-	-	(181)	(181)
At 31 March 2021	**29**	**3,177**	**8,454**	**11,660**
Accumulated depreciation				
At 1 April 2019	30	181	5,831	6,042
Charge for the year	-	44	804	848
Foreign exchange	2	-	52	54
At 31 March 2020	32	225	6,687	6,944
Charge for the year	-	43	661	704
Foreign exchange	(3)	-	(114)	(117)
Disposals	-	-	(178)	(178)
At 31 March 2021	29	268	7,056	7,353
Carrying amount				
At 31 March 2021	**-**	**2,909**	**1,398**	**4,307**
At 31 March 2020	-	2,843	1,008	3,851

The land and buildings are held by the Company, the gross book value as at 31 March 2021 was £3,177k (2020: £3,068k). The increase is due to the purchase of additional car parking spaces at the UK Office in Hemel Hempstead. The net book value at 31 March 2021 was £2,909k (2020: £2,843k). This is the only property, plant and equipment held by the Company.

13. Leases

The Group enters into leases of buildings in relation to offices in the US. In addition, in the UK the Group leases equipment either in the datacentres or in the offices.

In some cases, the contracts entered into by the Group include extension options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised the additional period is included in the lease term.

The total cash outflow for leases in 2021 was £494k (2020: £521k), made up of principle lease payments of £461k (2020: £503k) and lease interest payments of £33k (2020: £18k).

The Company does not hold any leased assets. (2020: £nil).

Right-of-use assets	Buildings £'000	Equipment £'000	Total £'000
At 1 April 2019	-	-	-
Additions	220	549	769
At 31 March 2020	**220**	**549**	**769**
Additions	407	1,139	1,546
Foreign exchange	(22)	-	(22)
Disposals	-	(518)	(518)
At 31 March 2021	**605**	**1,170**	**1,775**
Accumulated depreciation			
At 1 April 2019	-	-	-
Charge for the year	97	394	491
Foreign exchange	1	-	1
At 31 March 2020	**98**	**394**	**492**
Charge for the year	96	409	505
Foreign exchange	(14)	-	(14)
Disposals	-	(518)	(518)
At 31 March 2021	**180**	**285**	**465**
Carrying amount			
At 31 March 2021	**425**	**885**	**1,310**
At 31 March 2020	122	155	277

	2021 £'000	2020 £'000
Lease liabilities		
Current	517	233
Non-current	825	33
	1,342	**266**
Lease interest and expenses		
Interest expense (included in finance costs)	(33)	(18)
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	(8)	(11)

14. Investments in Group companies

	Shares in subsidiary undertakings £'000	Other investment £'000	Total £'000
At 1 April 2019	21,236	5,200	26,436
Additions	-	407	407
Amortisation	(4)	-	(4)
At 31 March 2020	**21,232**	**5,607**	**26,839**
Additions	-	303	303
Amortisation	-	-	-
At 31 March 2021	**21,232**	**5,910**	**27,142**
Accumulated Impairment			
At 1 April 2019, 31 March 2020	(6,985)	-	(6,985)
Movement in the year	(4)	-	(4)
At 31 March 2021	(6,989)		(6,989)
	-		
	(6,989)		
	14,243	**5,910**	**20,153**
At 31 March 2020	14,247	5,607	19,854

The Directors have assessed the carrying values of the Company's investments and concluded that no impairment triggers exist that would require the Company's investments to be impaired.

Other investments represent additional investments in Eckoh UK Limited as a result of the share-based payments arrangements in place. As the Company grants options over its shares to employees of Eckoh UK Limited, the Company records an increase in its investment in Eckoh UK Limited, the details of which are disclosed further in note 22 of the consolidated financial statements.

15. Investment in subsidiary undertakings

The Company has the following investments in subsidiaries, which are included in the consolidated financial statements:

Subsidiary undertakings	Country of incorporation	Principal activities	Percentage of share capital held
Eckoh UK Limited	England and Wales (ii)	Secure Payment & Customer Engagement Solutions	100%
Veritape Limited	England and Wales (ii)	Non trading	100%
Eckoh LLC	United States of America (iii)	Non trading	100%
Eckoh Inc	United States of America (iv)	Secure Payment Solutions & Support Solutions	100%
Eckoh France SAS	France (v)	Non trading	100%(i)
Eckoh Enterprises Limited	England and Wales (ii)	Dormant	67% & 33%(i)
Eckoh Projects Limited	England and Wales (ii)	Non trading	100%
Avorta Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Technologies Limited	England and Wales (ii)	Dormant	100%(i)
Intelliplus Group Limited	England and Wales (ii)	Dormant	100%
Intelliplus Limited	England and Wales (ii)	Non-Trading	100%(i)
Medius Networks Limited	England and Wales (ii)	Non-Trading	100%(i)
Telford Projects Limited	England and Wales (ii)	Dormant	100%
Swwwoosh Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Omni Ltd	England and Wales (ii)	Cloud-based Software Provider	100%

(i) Share capital held by a subsidiary undertaking.

(ii) The registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

(iii) The registered office is c/o National Registered Agents Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

(iv) The registered office is 7172 Regional Street. #431, Dublin, California 94568.

(v) The registered office is Rue De La Vieille Poste Parc, Industriel et Technologique de la Pompignane, 34000 Montpellier.

All companies hold ordinary class shares and have March year-ends, with the exception of Veritape, which has a September year end.

Information in relation to geographical operations is set out in note 4.

The subsidiary undertaking Eckoh Omni Limited (registered number: 07553916) is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

16. Inventories

	GROUP	
	2021 £'000	2020 £'000
Finished goods	**174**	312
	174	**312**

The cost of inventory recognised as an expense during the year was £32k (2020: £205k). The Company does not hold any inventory. (2020: £nil)

17. Trade and other receivables

	GROUP		COMPANY	
Current	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	4,640	4,575	-	-
Less: Loss allowance	(89)	(111)	-	-
Net trade receivables	4,551	4,464	-	-
Amount receivable from subsidiary undertakings	-	-	618	3,882
Other receivables	838	748	-	-
Prepayments and contract assets	7,888	8,282	25	7
	13,277	13,494	4,149	3,889
Long-term assets				
Amount receivable from subsidiary undertakings	-	-	3,506	-
	-	-	3,506	-

Trade receivables are stated after loss allowance of £89k (2020: £111k).

No expected credit loss has been calculated for the amount receivable from subsidiary undertakings as the directors expect the full amount to be recoverable.

	GROUP Gross carrying amount-trade receivables		GROUP Expected loss rate	
Gross trade receivables - ageing	2021 £'000	2020 £'000	2021 %	2020 %
Current	3,803	3,727	0.0%	1.0%
1-30 days	626	611	0.0%	0.0%
31-60 days	83	103	0.0%	0.1%
61-90 days	17	14	0.0%	30.3%
Over 90 days	111	120	80.3%	29.8%
	4,640	4,575	1.9%	2.4%

The Directors consider that the carrying value of the trade and other receivables approximate to their fair value.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade and other receivables. Concentrations of credit risk with respect to trade receivables are limited due to working capital practices of the market sector and the Group and the nature of the Group's customer base. The reputable nature of the Group's current customer base limits exposure to credit risk.

18. Cash and cash equivalents

	GROUP		COMPANY	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Sterling	10,897	11,354	4,370	4,983
Euro	24	9	-	-
US dollars	1,785	2,178	685	1,678
	12,706	13,541	5,055	6,661

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Floating rate	10,897	11,354	4,370	4,983
Euro	24	9	-	-
US dollars	1,785	2,178	685	1,678
	12,706	13,541	5,055	6,661

Cash and cash equivalents comprise cash held by the Group. Surplus cash is placed in an interest-bearing account. The average interest rate on the interest-bearing account during the year was 0.04% (2020: 0.78%).

The Group's financial risk management is disclosed in note 3.

19. Trade and other payables

	GROUP		COMPANY	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	2,193	2,510	-	-
Other payables	294	188	-	-
Other taxation and social security	877	1,028	-	-
Accruals and contract liabilities	15,118	17,352	22	14
Amounts payable to subsidiary undertakings	-	-	16,366	19,039
	18,482	21,078	16,388	19,053

As set out in note 4, £5.9 million (FY20: £6.7 million) of the contract liabilities are due in more than one year.

All of the amounts above are payable within one year and trade payables that are more than three months old at the year-end represent £180,000 (2020: £518,000).

The Group's exposure to liquidity risk is disclosed in note 3.

20. Called up share capital

Allotted called up and fully paid

	Number of shares	Nominal value £'000
Share type		
Ordinary Shares of 0.25p each		
At 1 April 2020	255,351,256	638
Shares issued under the share option schemes	-	-
At 31 March 2021	**255,351,256**	**638**

All Ordinary Shares in issue are fully paid. The holders of the Ordinary Shares are entitled to receive dividends, if declared, and are entitled to vote at general meetings of the Company. Potential Ordinary Shares are disclosed in note 22.

21. Other Interest-bearing loans & borrowings

	Bank loans £'000
At 1 April 2020	(1,950)
Repaid during the year	975
At 31 March 2021	**(975)**

Loans and borrowings

In July 2016, the Group secured a bank loan with a carrying amount of £6.5 million to assist with the acquisition of Klick2Contact EU Ltd and to repay the existing bank loan that had a balance of £3.75 million at 31 March 2016 due over 1 year.

The loan of £6.5 million is repayable over a period of 5 years. Twenty quarterly repayments of £325,000 commenced in July 2016. A fixed interest is payable at a rate of 1.25 % per annum plus a variable base rate currently 0.82%. As a result of the current COVID-19 pandemic, the Board of Directors took advantage of the ability to defer the repayment of capital under the loan as a precautionary measure. In March 2020, the Bank approved a delay to the April 2020 and July 2020 quarterly repayment of £325,000. The remaining balance on the loan of £1,950,000 is being repaid evenly over the remaining life of the loan. There have been two quarterly repayments of £487,500 in October 2020 and January 2021 with the remaining two repayments due in April and July 2021.

Maturity of debt	**Bank loans £'000**
Less than one year (quarterly)	975
More than one year but not more than 2 years	-
More than 2 years but no more than five years	-
More than five years	-

22. Share based payments

The Eckoh plc Share Option Scheme ('the Scheme') was introduced in November 1999 and re-approved by the Board in the year ended 31 March 2018. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the Scheme become exercisable subject to the share price exceeding RPI plus 15% after the third anniversary of the grant date. Exercise of an option is subject to continued employment, with certain exceptions, as specified in the Scheme rules.

The Eckoh plc Enterprise Management Incentive Scheme ('the EMI Scheme') was introduced in February 2007. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the EMI Scheme become exercisable subject to the percentage growth in earnings per share in the three years following the year of grant being at least 5% (compounded) per annum. Exercise of an option is subject to continued employment, subject to certain exceptions as specified in the EMI Scheme rules.

The Eckoh plc Share Incentive Plan ("the Plan") was introduced in September 2016. The Plan provides employees with the opportunity to acquire shares in Eckoh plc. Shares are purchased on behalf of the employee from amounts sacrificed from their salary on a monthly basis and matched on a two for one basis by the company. Any shares acquired will be held in a trust in accordance with the terms of the Plan. In order to maximise the tax benefits available, the employee must remain employed with the company and hold the shares within the Trust for a minimum of five years.

The Eckoh plc Performance Share Plan ("the PSP") was introduced in November 2017, following approval by Shareholders at the 2018 AGM. Initial Awards, at Nominal cost were granted to each of the Executive Directors in November 2017. Each of the PSP awards is subject to a Total Shareholder Return performance condition, measured over a 5-year performance period. Further details are included in the Remuneration Committee report on page 37. During the financial year nil awards have been granted to Senior Management. Each of the PSP awards is subject to a Total Shareholder Return performance condition, measured over a 3-year performance period.

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees who enrol in the 2019 Sharesave Scheme are granted an option to purchase up to a number of Ordinary Shares. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either the (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

The fair value of share options granted under the Scheme, the EMI Scheme and the PSP were measured using the QCA-IRS option valuer based on the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made. The fair value per option granted and the assumptions used in the calculation are as follows:

	26 Mar 2012	01 Jan 2013	23 Mar 2016	2 May 2016	13 Oct 2016	31 Mar 2017	21 Jun 2017	23 Nov 2017	23 Jul 2018	26 Sep 2018
Share price (pence)	11.00	0.00	43.50	43.50	38.875	39.50	47.50	51.25	37.81	34.38
Exercise price (pence)	11.00	0.25	43.50	43.50	38.88	39.50	47.50	-	-	-
No. of employees	3	1	13	1	2	14	1	2	26	1
Shares under option	75,000	109,744	1,700,000	500,000	400,000	2,450,000	500,000	6,000,000	1,340,000	100,000
Vesting period (years)	3	3	3	3	3	3	3	4.33	3	3
Expected volatility	42%	42%	32%	31%	33%	35%	35%	35%	47%	47%
Option life (years)	10	10	10	10	10	10	10	4.33	3	3
Expected life (years)	3	3	3	3	3	3	3	4.33	3	3
Risk free rate	2.75%	2.75%	0.78%	0.24%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Expected dividends expressed as a dividend yield	1.00%	1.70%	0.89%	1.03%	1.16%	1.14%	1.22%	1.14%	1.53%	1.53%
Fair value per option (pence)	3.15	3.15	12.00	8.50	8.19	11.0	10.6	17.00	16.00	16.00

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

The fair value of share options granted under the Share Incentive Plan was measured using the valuation model. The assumptions used in the calculation are as follows:

Commencement date	2 Sep 2016	5 Dec 2016	7 Jun 2017	1 Dec 2017	1 Jun 2018	1 Dec 2018	1 Jun 2019	1 Dec 2019	1 Jun 2020
Share price (pence)	35.0	47.5	46.6	48.50	39.95	37.38	47.15	62.8	64.0
Exercise price (pence)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of employees	23	25	31	37	35	37	45	48	54
Shares under option	103,176	104,020	107,824	154,554	140,520	149,198	161,728	120,998	151,994
Vesting period (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

The assumptions used in the US Sharesave Scheme fair value calculation are as follows:

Commencement date	1 Dec 2019
Share price (pence)	61.00
Exercise price (pence)	51.85
Number of employees	22
Shares under option	60,131
Vesting period (years)	2.00

A reconciliation of option movements over the year to 31 March 2021 is shown below:

	2021 Number of share options	2021 Weighted average exercise price (pence)	2020 Number of share options	2020 Weighted average exercise price (pence)
Outstanding at 1 April[1]	15,830,194	18.51	18,788,125	18.53
Granted	499,622	23.37	563,811	17.55
Exercised	(911,672)	31.21	(2,225,904)	13.59
Lapsed	-	-	-	-
Forfeited	(351,445)	25.35	(1,295,838)	22.33
Outstanding at 31 March	15,066,699	17.74	15,830,194	18.51
Exercisable at 31 March	5,710,481	37.83	6,358,414	38.27

1. The opening balance of share options has been adjusted to include the partnership shares in the Share Incentive Scheme that were not included in the 2019 analysis.

	2021		Weighted average remaining life		2020		Weighted average remaining life	
Range of exercise prices (pence)	Weighted average exercise price (pence)	Number of shares (000's)	Expected	Contractual	Weighted average exercise price (pence)	Number of shares (000's)	Expected	Contractual
0 - 0.5	0.21	8,771	0.89	0.91	0.22	8,684	1.78	1.82
10.5 - 12.5	11.00	75	-	0.98	11.04	269	-	1.86
37.2 - 40.0	39.33	3,053	4.84	5.56	39.33	3,680	5.68	6.57
42.5 - 44.5	43.50	2,200	-	5.00	43.50	2,400	-	6.00
46.5 - 48.5	47.55	685	0.14	4.68	47.55	708	0.50	5.44
50.0 - 54.5	51.85	40	0.67	0.67	-	-	-	-
55.0 - 59.5	56.00	76	2.67	2.67	-	-	-	-
60.0 - 64.0	62.18	262	1.95	1.95	60.67	88	2.66	2.66

The total charge for the year relating to employee share-based payment plans was £536,000 (2020: £468,000) all of which related to equity-settled share-based payment transactions.

23. Pension commitments

The Group operates a group personal pension scheme and, in addition, the subsidiary company Eckoh UK Limited operates a defined contribution pension scheme. The assets of the pension schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds. There were no outstanding or proposed contributions at the balance sheet date.

24. Related party transactions

Eckoh plc is the parent and ultimate controlling company of the Eckoh Group, the Consolidated financial statements of which include the results of the subsidiary undertakings set out in note 14.

Each subsidiary is 100% owned by the Eckoh Group and is considered to be a related party.

There are 2 Directors accruing benefits under the pension scheme.

The aggregate Directors' emoluments are shown in the table below.

	2021 £'000	2020 £'000
Directors		
Aggregate emoluments	691	880
	691	880

Further details of the Directors' emoluments are disclosed within the Remuneration Report on page 37.

Rented Apartment

An apartment owned by a Director, Nik Philpot, is rented to Eckoh Group for use by company employees when on business. The rent is paid on a monthly basis and was charged at comparable market rates. The expense in the year was £15,000 (2020: £15,000). The amount outstanding to them at the end of the current year was £4,098 (2020: £3,953). There were no amounts written off in the current or prior year.

25. Cash flow from operating activities

	2021 £'000	2020 £'000
Profit after taxation	2,794	3,136
Interest income	(48)	(84)
Interest payable	87	68
Taxation	717	166
Depreciation of property, plant and equipment	704	848
Depreciation of leased assets	505	491
Amortisation of intangible assets	1,061	1,293
Exchange differences	522	(264)
Share based payments	303	468
Operating profit before changes in working capital and provisions	6,645	6,122
Decrease in inventories	138	146
Decrease/ (increase) in trade and other receivables	217	(285)
(Decrease)/ Increase in trade and other payables	(2,615)	1,257
Net cash generated from operating activities	4,385	7,240

26. Events after the statement of financial position date

There were no events after the balance sheet date.

Shareholder Information

Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

Directors and Company Secretary

C.J. Humphrey	Non-Executive Chairman
D.J. Coghlan	Non-Executive Director
G.L. Millward	Non-Executive Director
N.B. Philpot	Chief Executive Officer
C.G. Herbert	Chief Financial Officer and Company Secretary

Registered Office - **Eckoh plc** - Telford House, Corner Hall, Hemel Hempstead, Hertfordshire, HP3 9HN
www.eckoh.com
Registered number 3435822.

Registrar - **Link Group** - Central Square, 29 Wellington Street, Leeds, LS1 4DL
Nominated Advisor and Joint Broker - **Nplus1 Singer Capital Markets Limited** - One Barthlomew Lane, London EC2N 2AX
Joint Broker - **Canaccord Genuity Limited** - 88 Wood Street, London, EC2V 7QR
Solicitor - **Mills & Reeve LLP** - Botanic House, 100 Hills Road, Cambridge CB2 1PH
Banker - **Barclays Bank plc** - 11 Bank Court, Hemel Hempstead, Hertfordshire HP1 1BX
Independent Auditors - **PricewaterhouseCoopers LLP** - 40 Clarendon Road, Watford, WD17 1JJ

Eckoh

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