2 March 2018

**ACCESS INTELLIGENCE PLC**

(“Access Intelligence”, the “Company” or the “Group”)

**FINAL RESULTS FOR THE YEAR ENDED 30 NOVEMBER 2017**

Access Intelligence Plc (AIM: ACC), a leader in corporate communications and reputation management software, announces its final results for the year ended 30 November 2017.

**Strategic highlights**

* The launch of the new Vuelio offering with a unique integrated PR, public affairs and social engagement solution has been positively received by the UK market
* A strong performance in new business and increased upsell into the existing client base reflects the relevance of the Group’s combined portfolio offering
* The Vuelio platform is increasingly playing the role of communications memory for client organisations, boosted by stringent audit requirements imposed by incoming General Data Protection Regulation
* The Group has achieved significant cost reductions through renegotiated supplier contracts, office consolidation and headcount reduction, with the latter achieved while maintaining high levels of customer support, reflected in improved renewal rates
* Addition of a significant number of blue-chip clients, including Dyson, RAC, PZ Cussons, CPPIB, NICE, Greater Anglia, Highways England, Smith & Nephew and Deutsche Lufthansa

**Financial highlights**

* The Group achieved Annual Contract Value (ACV) growth of £600k over the second half of the year, an annualised growth rate of nearly 15%. The benefit of this will flow through into revenue in the 2018 financial year
* Total future contracted revenue grew 35% to £7.1 million, reflecting net growth in ACV combined with success at selling multi-year contracts. This provides us with good visibility of long-term, recurring revenue growth
* During the year, the Group invested a further £1.6 million into the development of the Vuelio platform, delivering a product that is stable, secure and fully integrated to support the full range of client requirements
* The Group has 99% recurring revenue, with sales teams incentivised to focus on high contribution SaaS products
* In December 2017 the Group received notices from all holders of its £2.35 million convertible loan notes to convert these into equity. This has significantly strengthened the Group’s Balance Sheet and resulted in an ongoing annual interest saving of approximately £0.2 million

Michael Jackson, Non-Executive Chairman of Access Intelligence, commented: “I am delighted that our 2015 acquisition and last year’s integration work has resulted in a stable and growing business. Cost savings created in the second half of 2017 will impact fully in 2018, and, combined with our ACV growth, provide a strong platform for growth as we continue to disrupt and transform the communications management market.”

**For further information:**

|  |  |
| --- | --- |
| **Access Intelligence Plc** |  |
| Michael Jackson (Non-Executive Chairman) | 0843 659 2940 |
| Joanna Arnold (CEO) |  |
|  |  |
| **Allenby Capital Limited** | 020 3328 5656 |
| David Worlidge / Nick Chambers |  |

**Forward looking statements**

This announcement contains forward-looking statements.

These statements appear in a number of places in this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, revenue, financial condition, liquidity, prospects, growth, strategies, new products, the level of product launches and the markets in which we operate.

Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors.

These factors include any adverse change in regulations, unforeseen operational or technical problems, the nature of the competition that we will encounter, wider economic conditions including economic downturns and changes in financial and equity markets. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

**Chairman’s Statement**

I am pleased to announce our results for the year ended 30 November 2017.

When we concluded our restructuring in Q1 2017, Access Intelligence had transformed from

a diverse portfolio into a streamlined operation focused on the Vuelio brand, and launched a

unique reputation management platform integrating solutions for PR, public affairs and social

engagement.

Throughout the remainder of 2017, this new Vuelio platform allowed us to grow our Annual Contract Value (‘ACV’) base through upsells into the existing customer base and increasing the number and value of new customer wins - all while maintaining industry-leading rates of customer retention.

New business sales increased from an average of £65,000 per month in August to October 2016 to an average of £160,000 per month from the second quarter 2017 onwards; customer retention is up from 56 per cent to a consistent performance of over 80 per cent by value; and we have achieved ACV growth of £600,000 over the past six months, reflecting an annualised run rate of £1.2 million net ACV growth. By 30 November 2017, our total future contracted revenue had increased 35% year on year to £7.1 million.

Simply put, the business is now stable and growing. From October 2017 onwards, having dramatically reduced our operational costs over the previous nine months we have started to generate cash. Through renegotiating supplier contracts, consolidating office space and reducing headcount by almost 50 per cent, we have achieved annualised savings of £1.2 million over the past 12 months – all while maintaining high levels of customer support reflected in our improved renewal rates.

The new year has brought further stability. In December 2017 we received notices from all holders of the £2.35 million convertible loan notes to convert these into equity. This has significantly strengthened our Balance Sheet and will result in an ongoing interest saving of around £0.2 million each year. 2018 also offers significant opportunity in the form of General Data Protection Regulation (GDPR) – Vuelio is uniquely positioned to help the communications market meet these stringent new data privacy requirements.

In the past six months we have welcomed a number of major brands as new customers, including Dyson, RAC, PZ Cussons, CPPIB, NICE, Greater Anglia, Highways England, Smith & Nephew and Deutsche Lufthansa. We are delighted that clients of this calibre will be joining us for the next stage of Access Intelligence’s journey, as we continue to invest in our people and our product to disrupt and transform the communications management market.

I would like to take this opportunity to thank you on behalf of the board for your continued support of Access Intelligence.

Sincerely

M Jackson

Chairman

**Strategic Report (extract)**

*Results*

2017 has seen the Group transition from a business focussing on the integration of acquired operations and customers into one with a unique product focussing on growth.

One of the key financial metrics monitored by the board is the change in customer Annual Contract Value (‘ACV’) base year on year. This metric reflects the annual value of new business won, plus upsells into our existing client base, less any customer losses. It is an important metric for the Group as it is a leading indicator of future revenue. During 2017, the Group’s annual contract value base grew by £750,000, with the growth accelerating in the second half of the year and an average growth of £100,000 per month from June to November 2017, an annualised growth rate of nearly 15%.

The Group also monitors total contracted future revenue, comprising deferred income plus contracted revenue not invoiced. At 30 November 2017, total contracted future revenue grew by 35% to £7,123,000 (2016: £5,291,000). Included within this total was an amount relating to contracted revenue not invoiced of £2,986,000 (2016: £1,720,000). This is also an important metric for the Group as it is a leading indicator of multi-year growth in the business.

A.I. Talent Limited has been moved to Held for Sale. The comparative consolidated statement of comprehensive income has been re-presented to show the results of A.I. Talent Limited as discontinued operations separately from continuing operations.

Revenue from continuing operations reduced by 11% year on year to £8,063,000 (2016 restated: £9,108,000), with recurring revenue comprising 99% of the total (2016 restated: 99%). with sales teams incentivised to focus on high contribution SaaS products. The decrease in revenue, which brought about a reduction in gross margin to 65% during the year (2016 restated: 68%), reflects the decision by management to exit non-profitable contracts in combination with expected client churn. Due to the majority of the growth in the Group’s annual contract value base occurring in the second half of the year, the benefit will flow through into revenue in the 2018 financial year.

The Group’s continuing operations delivered an adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) loss for the year of £1,364,000 (2016 restated: £358,000). This figure being adjusted for non-recurring items of £854,000 (2016 restated: £1,529,000), a share of loss of associate of £254,000 (2016: £91,000) and a share based payments charge of £Nil (2016: £13,000), the EBITDA loss from continuing operations for the year was £2,472,000 (2016 restated: loss of £1,991,000).

Operating loss from continuing operations was £3,450,000 (2016 restated: £3,001,000). In arriving at the operating loss, the Group has incurred £1,595,000 (2016 restated: £1,059,000) in research and development expenditure, £107,000 (2016: £285,000) in restructuring costs and charged £978,000 (2016 restated: £1,010,000) in depreciation and amortisation.

The Group made a profit for the year from discontinued operations of £558,000 (2016 restated: £1,437,000). Further information relating to discontinued operations is provided within the Strategic Report and within note 6 to the consolidated financial statements.

2018 will see continued focus on growth in revenue and gross margin, whilst the Group further develops the Vuelio product.

*Loss per share*

The basic loss per share from continuing operations was 1.01p (2016 restated: 1.08p). Basic earnings per share from discontinued operations was 0.17p (2016 restated: 0.46p).

*Cash*

In July 2017, the Group raised £1,020,000 by the issue of 31,384,615 Ordinary Shares at a price of 3.25p per share. Cash at the year-end stood at £673,000 (2016: £1,162,000) whilst net debt, calculated as loan notes and other loans less cash held, was £2,700,000 (2016: £2,113,000) at the year end.

*Key performance indicators*

On a monthly basis management accounts are prepared which provide performance indicators covering revenue, gross margins, EBITDA, result before tax, result after tax, cash balances and recurring revenue. The key performance indicators for the year are:

|  |  |  |
| --- | --- | --- |
| **£’000** | 2017 | 2016 restated |
| **Continuing Operations** |  |  |
| Revenue | **8,063** | 9,108 |
| Gross margin (%) | **65%** | 68% |
| Adjusted EBITDA - loss | **(1,364)** | (358) |
| EBITDA - loss | **(2,472)** | (1,991) |
| Loss before taxation | **(3,793)** | (3,396) |
| Loss after taxation | **(3,335)** | (3,400) |
| Cash balances | **673** | 1,162 |
| Recurring revenue | **8,020** | 8,834 |

These performance indicators are measured against both an approved budget and the previous year’s actual results.

Each month the Board assesses the performance of the Group based on key performance indicators. These are used in conjunction with the controls described in the corporate governance statement and relate to a wide variety of aspects of the business, including: new business and renewal sales performance; marketing, development and research activity; year to date financial performance, profitability forecasting and cash flow forecasting.

*Dividend*

As a result of the significant investment the Company has made in the strategic product innovation and sales development, the directors do not propose to pay a dividend for 2017 (2016: £Nil).

**Consolidated Statement of Comprehensive Income**

Year ended 30 November 2017

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | **2017**  **£‘000** | 2016 (restated)  £’000 |
| **Revenue** | 3 | **8,063** | 9,108 |
| Cost of sales |  | **(2,823)** | (2,892) |
| **Gross profit** |  | **5,240** | 6,216 |
| Administrative expenses |  | **(6,604)** | (6,574) |
| **Adjusted EBITDA** |  | **(1,364)** | (358) |
| Non-recurring items | 5 | **(854)** | (1,529) |
| Share of loss of associate | 14 | **(254)** | (91) |
| Share based payments | 24 | **-** | (13) |
| **EBITDA** |  | **(2,472)** | (1,991) |
| Depreciation of tangible fixed assets | 15 | **(71)** | (176) |
| Amortisation of intangible assets acquired through business combination | 13 | **(558)** | (558) |
| Amortisation of software and development intangible assets | 13 | **(349)** | (276) |
| **Operating loss** | 5 | **(3,450)** | (3,001) |
| Financial expense | 9 | **(343)** | (395) |
| **Loss before taxation** |  | **(3,793)** | (3,396) |
| Taxation credit/(charge) | 10 | **458** | (4) |
| **Loss for the year from continuing operations** |  | **(3,335)** | (3,400) |
| Profit for the year from discontinued operations | 6 | **558** | 1,437 |
| **Loss for the year** |  | **(2,777)** | (1,963) |
| **Other comprehensive income** |  | **-** | - |
| **Total comprehensive income for the period attributable to the owners of the Parent Company** |  | **(2,777)** | (1,963) |

|  |  |  |  |
| --- | --- | --- | --- |
| *Earnings per share* | Note | **Continuing Operations**  **2017** | Continuing Operations 2016  (restated) |
| Basic loss per share | 12 | **(1.01)p** | (1.08)p |
| Diluted loss per share | 12 | **(1.01)p** | (1.08)p |
|  |  |  |  |
|  |  | **Continuing and Discontinued Operations 2017** | Continuing Operations 2016 (restated) |
| Basic loss per share | 12 | **(0.84)p** | (0.62)p |
| Diluted loss per share | 12 | **(0.84)p** | (0.62)p |

**Consolidated Statement of Financial Position**

As at 30 November 2017

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | **2017**  **£’000** | 2016  £’000 |
| **Non-current assets** |  |  |  |
| Intangible assets | 13 | **6,231** | 7,062 |
| Investment in associate | 14 | **280** | 534 |
| Property, plant and equipment | 15 | **146** | 100 |
| Deferred tax assets | 22 | **206** | 230 |
| Total non-current assets |  | **6,863** | 7,926 |
| **Current assets** |  |  |  |
| Trade and other receivables | 16 | **2,968** | 2,565 |
| Current tax receivables |  | **458** | 436 |
| Cash and cash equivalents | 25 | **673** | 1,162 |
| Assets classified as held for sale | 7 | **270** | 381 |
| Total current assets |  | **4,369** | 4,544 |
| **Total assets** |  | **11,232** | 12,470 |
| **Current liabilities** |  |  |  |
| Trade and other payables | 18 | **1,558** | 1,301 |
| Accruals |  | **1,149** | 941 |
| Provisions | 26 | **-** | 27 |
| Deferred revenue | 19 | **4,137** | 3,772 |
| Interest bearing loans and borrowings | 17 | **2,489** | 1,374 |
| Liabilities classified as held for sale | 7 | **260** | 507 |
| Total current liabilities |  | **9,593** | 7,922 |
| **Non-current liabilities** |  |  |  |
| Provisions | 26 | **226** | 374 |
| Interest bearing loans and borrowings | 17 | **884** | 1,901 |
| Deferred tax liabilities | 22 | **206** | 230 |
| Total non-current liabilities |  | **1,316** | 2,505 |
| **Total liabilities** |  | **10,909** | 10,427 |
| **Net assets** |  | **323** | 2,043 |
| **Equity** |  |  |  |
| Share capital | 23 | **1,743** | 1,580 |
| Treasury shares |  | **(148)** | (148) |
| Share premium account |  | **2,352** | 1,458 |
| Capital redemption reserve |  | **191** | 191 |
| Share option reserve |  | **348** | 377 |
| Equity reserve |  | **255** | 255 |
| Retained earnings |  | **(4,418)** | (1,670) |
| **Total equity attributable to the equity holders of the Parent Company** |  | **323** | 2,043 |

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**Consolidated Statement of Changes in Equity**

Year ended 30 November 2017

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Share**  **capital**  **£’000** | **Treasury**  **shares**  **£’000** | **Share**  **premium account**  **£’000** | **Capital**  **redemption reserve**  **£’000** | **Share**  **option reserve**  **£’000** | **Equity**  **reserve**  **£’000** | **Retained**  **earnings**  **£’000** | **Total**  **£’000** |
|  |  |  |  |  |  |  |  |  |
| At 1 December 2015 | 1,535 | (148) | 1,271 | 191 | 364 | 255 | 293 | 3,761 |
| Total comprehensive  loss for the year | - | - | - | - | - | - | (1,963) | (1,963) |
|  |  |  |  |  |  |  |  |  |
| *Transactions with owners* |  |  |  |  |  |  |  |  |
| Issue of share capital | 45 | - | 187 | - | - | - | - | 232 |
| Share-based payments | - | - | - | - | 13 | - | - | 13 |
| At 1 December 2016 | 1,580 | (148) | 1,458 | 191 | 377 | 255 | (1,670) | 2,043 |
| Total comprehensive  loss for the year | - | - | - | - | - | - | (2,777) | (2,777) |
|  |  |  |  |  |  |  |  |  |
| *Transactions with owners* |  |  |  |  |  |  |  |  |
| Issue of share capital | 163 | - | 894 | - | - | - | - | 1,057 |
| Share-based payments | - | - | - | - | (29) | - | 29 | - |
| **At 30 November**  **2017** | **1,743** | **(148)** | **2,352** | **191** | **348** | **255** | **(4,418)** | **323** |

*Share capital and share premium account*

When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is taken to the share premium account. Access Intelligence plc shares have a nominal value of 0.5p per share. Directly attributable transaction costs associated with the issue of equity investments are accounted for as a reduction from the share premium account.

*Treasury shares*

The returned shares are now held in treasury and attract no voting rights. The return of shares has been accounted for in accordance with IAS 32 ‘Financial instruments: Presentation’ such that the instruments have been deducted from equity with no gain or loss recognised in profit or loss.

*Share option reserve*

This reserve arises as a result of amounts being recognised in the income statement relating to share- based payment transactions granted under the Group’s share option scheme. The reserve will fall as share options vest and are exercised over the life of the options.

*Capital redemption reserve*

This reserve arises as a result of keeping with the doctrine of capital maintenance when the Company purchases and redeems its own shares. The amounts transferred into/out from this reserve from a purchase/redemption is equal to the amount by which share capital has been reduced/increased, when the purchase/redemption has been financed wholly out of distributable profits and is the amount by which the nominal value exceeds the proceeds of any new issue of share capital, when the purchase/ redemption has been financed partly out of distributable profits.

*Equity reserve*

The equity reserve arises as a result of the equity component that has been recognised on the convertible loan notes that have been issued by the Group (see note 17: ‘Interest bearing loans and borrowings’). The reserve is determined by deducting the amount of the liability component from the fair value of the convertible loan notes as a whole, net of income tax effects and the relative proportion of the directly attributable transaction costs associated with the issue of the compound instruments.

*Retained earnings*

The retained earnings reserve records the accumulated profits and losses of the Group since inception of the business. Where subsidiary undertakings are acquired, only profits and losses arising from the date of acquisition are included.

**Consolidated Statement of Cash Flow**

Year ended 30 November 2017

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | **2017**  **£’000** | 2016  £’000 |
| **Loss for the year** |  | **(2,777)** | (1,963) |
| Adjusted for: |  |  |  |
| Taxation | 10 | **(458)** | 64 |
| Depreciation and amortisation | 13,15 | **978** | 1,078 |
| Share option charge | 24 | **-** | 13 |
| Financial expense | 9 | **343** | 395 |
| Loss on disposal of property, plant and equipment | 15 | **-** | - |
| Share of loss of associate |  | **254** | 91 |
| Profit on sale of AIControlPoint Limited | 6 | **(592)** | - |
| Profit on sale of Due North Limited | 6 | **-** | (1,664) |
| Profit on sale of AITrackRecord Limited | 6 | **-** | (585) |
| **Operating cash outflow before changes in working capital** |  | **(2,252)** | (2,571) |
| (Increase)/Decrease in trade and other receivables |  | **(576)** | 934 |
| Increase/(Decrease) in trade and other payables |  | **731** | (1,228) |
| **Net cash outflow from operations before taxation** |  | **(2,097)** | (2,865) |
| Taxation received |  | 436 | - |
| **Net cash outflow from operations** |  | **(1,661)** | (2,865) |
| **Cash flows from investing** |  |  |  |
| Acquisition of property, plant and equipment | 15 | **(118)** | (17) |
| Acquisition of software licenses | 13 | **(79)** | (57) |
| Cost of software development | 13 | **-** | (522) |
| Disposal of AIControlPoint (net of expenses) | 6 | **615** | - |
| Disposal of Due North Limited (net of expenses) | 6 | **-** | 4,030 |
| less: cash and cash equivalents disposed of | 6 | **-** | 77 |
| Disposal of AITrackRecord Limited (net of expenses) | 6 | **-** | 7 |
| less: cash and cash equivalents disposed of | 6 | **-** | (10) |
| Move to held for sale of A.I. Talent Limited |  | **(5)** | - |
| **Net cash inflow from investing** |  | **413** | 3,508 |
| **Cash flows from financing activities** |  |  |  |
| Interest paid |  | **(298)** | (336) |
| Issue of shares | 23 | **1,017** | - |
| Exercise of share options | 23 | **40** | 232 |
| Repayment of loan notes | 17 | **-** | (900) |
| **Net cash inflow/(outflow) from financing** |  | **759** | (1,004) |
| **Net decrease in cash and cash equivalents** | 25 | **(489)** | (361) |
| Opening cash and cash equivalents | 25 | **1,162** | 1,523 |
| **Closing cash and cash equivalents** | 25 | **673** | 1,162 |

**Notes to the Consolidated Financial Statements**

1. **Basis of preparation**

The financial information set out in the announcement does not constitute the company’s statutory accounts for the years ended 30 November 2017 or 2016. The financial information for the year ended 30 November 2016 is derived from the statutory accounts for that year, which were prepared under IFRSs, and which have been delivered to the Registrar of Companies. The auditor’s report on those accounts was unqualified, did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis.

The financial information for the year ended 30 November 2017 is derived from the audited statutory accounts for the year ended 30 November 2017 on which the auditor has given an unqualified report, that did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis. The statutory accounts will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.

These extracts from the financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’s’) as adopted by the European Union, and with those parts of the Companies Acts applicable to companies reporting under IFRS.

The extracts from the consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

1. **Basis of consolidation**

The Group results comprise the financial statements of Access Intelligence plc and its subsidiaries as at 30th November 2017. They are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000).

1. **Revenue**

The Group’s revenue is primarily derived from the rendering of services with the value of sales of goods or delivery of infrastructure not being significant in relation to total Group revenue.

The Group’s revenue was generated from the following territories:

|  |  |  |
| --- | --- | --- |
|  | **Continuing Operations**  **2017**  **£’000** | Continuing  Operations  2016  £’000 |
| United Kingdom | **7,296** | 8,333 |
| European Union | **448** | 390 |
| Rest of the world | **319** | 385 |
|  | **8,063** | 9,108 |

1. **Segment reporting**

Segment information is presented in respect of the Group’s operating segments which are based upon the Group’s management and internal business reporting.

Inter-segment pricing is determined on an arm’s length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

Segment non-current asset additions show the amounts relating to property, plant and equipment and intangible assets including goodwill. All non-current assets are located in the UK.

*Operating segments*

The Group operating segments have been decided upon according to their revenue model and product or service offering being the information provided to the Chief Executive Officer and the Board. The Reputation segment derives its revenues from software subscription sales and support and training revenues. As a result of the Group’s divestments during the year the segments reported have changed to reflect the Board’s focus. The segments are:

* Reputation
* Discontinued - Disposals & Held for Sale
* Head Office

**2017**

The segment information for the year ended 30 November 2017, is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Reputation**  **£’000** | Head office  £’000 | Consolidation adjustment  £’000 | **Continuing Operations**  **£’000** | Discontinued operations £’000 | Discontinued Held for Sale  £’000 | Consolidated adjustment  £’000 | **Discontinued operations £’000** | Total  £’000 |
| External revenue | 8,063 | - | - | **8,063** | 328 | 388 | - | **716** | 8,779 |
| Operating (loss)/profit | (3,297) | (303) | 404 | **(3,196)** | 151 | (185) | - | **(34)** | (3,230) |
| Share of loss of associate | - | (254) | - | **(254)** | - | - | - | **-** | (254) |
| Profit on sale of subsidiary | - | - | - | **-** | - | - | 592 | **592** | 592 |
| Financial income | - | - | - | **-** | - | - | - | **-** | - |
| Financial expense | (5) | (338) | - | **(343)** | - | - | - | **-** | (343) |
| Taxation | 458 | - | - | **458** | - | - | - | **-** | 458 |
| (Loss)/Profit after taxation | (2,844) | (895) | 404 | **(3,335)** | 151 | (185) | 592 | **558** | (2,777) |
| Reportable segment assets | 8,583 | 9,751 | (7,324) | **10,980** | - | 270 | - | **270** | 11,250 |
| Reportable segment liabilities | 13,996 | 4,262 | (7,591) | **10,667** | - | 260 | - | **260** | 10,927 |
| **Other information:** Additions to property, plant and equipment | 28 | 90 | - | **118** | - | - | - | **-** | 118 |
| Depreciation and amortisation | 1,366 | 35 | (423) | **978** | - | 6 | - | **6** | 984 |

**2016**

The segment information for the year ended 30 November 2016, is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Reputation**  **£’000** | Head office  £’000 | Consolidation adjustment  £’000 | **Continuing Operations**  **£’000** | Discontinued operations £’000 | Discontinued Held for Sale  £’000 | Consolidated adjustment  £’000 | **Discontinued operations £’000** | Total  £’000 |
| External revenue | 9,108 | - | - | **9,108** | 1,333 | 490 | - | **1,823** | 10,931 |
| Operating (loss)/profit | (2,784) | (432) | 306 | **(2,910)** | (730) | (41) | 40 | **(731)** | (3,641) |
| Share of loss of associate | - | (91) | - | **(91)** | - | - | - |  | (91) |
| Profit on sale of subsidiary | - | - | - | - | - | - | 2,228 | **2,228** | 2,228 |
| Financial income | - | 2,500 | (2,500) | **-** | - | - | - | **-** | - |
| Financial expense | - | (395) | - | **(395)** | - | - | - | **-** | (395) |
| Taxation | 56 | (73) | 13 | **(4)** | (27) | (33) | - | **(60)** | (64) |
| (Loss)/Profit after taxation | (2,728) | 1,509 | (2,181) | **(3,400)** | (757) | (74) | 2,268 | **1,437** | (1,963) |
| Reportable segment assets | 10,058 | 9,468 | (7,757) | **11,769** | 292 | 409 | - | **701** | 12,470 |
| Reportable segment liabilities | 12,648 | 4,747 | (7,690) | **9,705** | 507 | 215 | - | **722** | 10,427 |
| **Other information**: Additions to property, plant and equipment | 14 | 3 | - | **17** | - | - | - | **-** | 17 |
| Depreciation and amortisation | 1,304 | 54 | (348) | **1,010** | 63 | 5 | - | **68** | 1,078 |

1. **Operating Loss**

Operating loss is stated after charging

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Depreciation of property, plant and equipment | **71** | 184 |
| Amortisation of development costs | **287** | 265 |
| Amortisation of brand values | **60** | 60 |
| Amortisation of software licences | **62** | 71 |
| Amortisation of database | **332** | 272 |
| Amortisation of customer list | **166** | 226 |
| Loss/(Profit) on foreign currency translation | **11** | (6) |
| Non-recurring items (see below) | **854** | 1,529 |
| Operating lease charges - land and buildings | **509** | 571 |
| Auditor's remuneration (see below) | **55** | 62 |
| Share based payments | **-** | 13 |
| Research and development and other technical expenditure (income statement) (a further £Nil (2016: £522,000) was capitalised) | **1,595** | 1,664 |
| Increase in provision for receivables | **54** | 39 |

Non-recurring items in the year ended 30 November 2017 were incurred as a result of restructuring and one off termination of employment costs for staff, along with associated legal fees. The non-recurring costs are made up of the following:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Compensation and notice payments - all staff | 107 | 285 |
| Non-recurring transitional hosting and migration costs | 747 | 1,244 |
|  | 854 | 1,529 |

Auditor’s remuneration is further analysed as:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Fees payable to the Company's auditor for the audit of the Company’s  annual accounts | **24** | 25 |
| The audit of the Company's subsidiaries, pursuant to legislation | **23** | 27 |
| Tax services | **8** | 10 |
|  | **55** | 62 |

1. **Discontinued operations**

**Due North Limited**

In February 2016, the Group sold its subsidiary Due North Limited.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Results of discontinued operation** |  |  |
| Revenue | **-** | 258 |
| Expenses | **-** | (308) |
| **Results from operating activities** | **-** | (50) |
| Tax | **-** | - |
| **Results from operating activities, net of tax** | **-** | (50) |
| Gain on sale of discontinued operation | **-** | 1,664 |
| Tax on gain on sale of discontinued operation | **-** | - |
| **Profit for the year** | **-** | 1,614 |
| Basic earnings per share | **0.0p** | 0.51p |
| Diluted earnings per share | **0.0p** | 0.51p |

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Cash flows from/(used in) discontinued operation** |  |  |
| Net cash from operating activities | **-** | 403 |
| Net cash used in investing activities | **-** | (15) |
| Net cash used in financing activities | **-** | (465) |
| **Net cash flows for the year** | **-** | (77) |

**AITrackRecord Limited**

In July 2016, the Group sold its subsidiary AITrackRecord Limited.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Results of discontinued operation** |  |  |
| Revenue | **-** | 285 |
| Expenses | **-** | 1,352 |
| **Results from operating activities** | **-** | 1,637 |
| Tax | **-** | - |
| **Results from operating activities, net of tax** | **-** | 1,637 |
| Gain on sale of discontinued operation | **-** | 585 |
| Tax on gain on sale of discontinued operation | **-** | - |
| **Profit for the year** | **-** | 2,222 |
| Basic earnings per share | **0.0p** | 0.70p |
| Diluted earnings per share | **0.0p** | 0.70p |

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Cash flows from/(used in) discontinued operation** |  |  |
| Net cash from operating activities | **-** | (145) |
| Net cash used in investing activities | **-** | - |
| Net cash used in financing activities | **-** | - |
| **Net cash flows for the year** | **-** | (145) |

**AIControlPoint Limited**

In March 2017, the Group sold its subsidiary AIControlPoint Limited for cash consideration of £745,000. This business unit had been reported as a discontinued operation and classified as held for sale at 30 November 2016 following the commitment of the Group’s management in 2016 to sell the entity.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Results of discontinued operation** |  |  |
| Revenue | **328** | 789 |
| Expenses | **(178)** | 43 |
| **Results from operating activities** | **151** | 833 |
| Tax | **-** | (27) |
| **Results from operating activities, net of tax** | **151** | 805 |
| Gain on sale of discontinued operation | **592** | - |
| Tax on gain on sale of discontinued operation | **-** | - |
| **Profit for the year** | **743** | 805 |
| Basic earnings per share | **0.23p** | 0.26p |
| Diluted earnings per share | **0.23p** | 0.26p |

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Cash flows from/(used in) discontinued operation** |  |  |
| Net cash from operating activities | **-** | - |
| Net cash used in investing activities | **-** | - |
| Net cash used in financing activities | **-** | - |
| **Net cash flows for the year** | **-** | - |

The following is a breakdown of the effects of the disposal of AIControlPoint Limited on the financial position of the Group:

|  |  |
| --- | --- |
|  | **2017**  **£’000** |
| Goodwill | **89** |
| Property, plant and equipment | **9** |
| Intangible assets | **-** |
| Trade and other receivables | **166** |
| Cash and cash equivalents | **-** |
| Deferred tax assets | **6** |
| Trade and other payables | **(247)** |
| **Net assets** | **23** |
| Consideration received, satisfied in cash | **745** |
| Cash and cash equivalents disposed of | **-** |

**A.I. Talent Limited**

A.I. Talent Limited is presented as a disposal group held for sale following the commitment of the Group’s management in 2017, to sell the business. This business unit had not been reported as a discontinued operation or classified as held for sale at 30 November 2016 and the comparative consolidated statement of comprehensive income has been re-presented to show the results of discontinued operations separately from continuing operations.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Results of discontinued operation** |  |  |
| Revenue | **388** | 490 |
| Expenses | **(573)** | (531) |
| **Results from operating activities** | **(185)** | (41) |
| Tax | **-** | (33) |
| **Results from operating activities, net of tax** | **(185)** | (74) |
| Gain on sale of discontinued operation | **-** | - |
| Tax on gain on sale of discontinued operation | **-** | - |
| **Loss for the year** | **(185)** | (74) |
| Basic earnings per share | **(0.06)** | (0.02) |
| Diluted earnings per share | **(0.06)** | (0.02) |

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Cash flows from/(used in) discontinued operation** |  |  |
| Net cash from operating activities | **(236)** | 86 |
| Net cash used in investing activities | **-** | - |
| Net cash used in financing activities | **-** | - |
| **Net cash flows for the year** | **(236)** | 86 |

*All discontinued operations*

The following tables provide combined information for all discontinued operations. The current year figures include the results of AIControlPoint Limited and A.I. Talent Limited plus consolidation adjustments. The prior year comparative figures also include the results of Due North Limited and AITrackRecord Limited which were sold during the year ended 30 November 2016.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Results of discontinued operation** |  |  |
| Revenue | **716** | 1,823 |
| Expenses | **(750)** | (2,554) |
| **Results from operating activities** | **(34)** | (731) |
| Tax | **-** | (60) |
| **Results from operating activities, net of tax** | **(34)** | (791) |
| Gain on sale of discontinued operation | **592** | 2,228 |
| Tax on gain on sale of discontinued operation | **-** | - |
| **Profit for the year** | **558** | 1,437 |
| Basic earnings per share | **0.17p** | 0.46p |
| Diluted earnings per share | **0.17p** | 0.46p |

The profit from discontinued operations of £558,000 (2016: £1,437,000) is entirely attributable to the owners of the Company.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Cash flows from/(used in) discontinued operation** |  |  |
| Net cash from operating activities | **(236)** | 344 |
| Net cash used in investing activities | **-** | (15) |
| Net cash used in financing activities | **-** | (465) |
| **Net cash flows for the year** | **(236)** | (136) |

1. **Disposal group held for sale**

A.I. Talent Limited is presented as a disposal group held for sale following the commitment of the Group’s management in 2017 to sell the business. Efforts to sell the disposal group had therefore commenced before the year end.

At the prior year end, AIControlPoint Limited was presented as a disposal group held for sale following the commitment of the Group’s management to a plan to sell the entity with the sale being completed on 14 March 2017 (see note 29).

At 30 November 2017 the disposal group comprised the following assets and liabilities:

**Assets classified as held for sale**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Goodwill | **-** | 89 |
| Development costs | **-** | - |
| Other intangible fixed assets | **2** | 3 |
| Property, plant and equipment | **-** | - |
| Trade and other receivables | **263** | 289 |
| Cash and cash equivalents | **5** | - |
|  | **270** | 381 |

**Liabilities classified as held for sale**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Trade and other payables | **12** | 75 |
| Deferred income | **248** | 432 |
| Deferred tax liabilities | **-** | - |
|  | **260** | 507 |

1. **Particulars of employees**

|  |  |  |
| --- | --- | --- |
|  | **2017** | 2016 |
| The average number of persons (including directors) employed by the Group during the year was: |  |  |
| Technical and support | **41** | 87 |
| Commercial | **40** | 80 |
| Finance and administration | **13** | 19 |
|  | **94** | 186 |

Costs incurred in respect of these employees were:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Wages and salaries costs | **4,054** | 6,637 |
| Social security costs | **452** | 699 |
| Pension costs | **130** | 191 |
| Health insurance | **16** | 30 |
| Employee benefits | **-** | 13 |
| Compensation for loss of office | **107** | 285 |
|  | **4,758** | 7,855 |

The compensation for loss of office charge of £107,000 (2016: £285,000) relates to 16 employees (2016: 22 employees) who were made redundant during the year.

The reportable key management personnel are considered to be comprised of the Company directors, the remuneration for whose services during the year is detailed in the table below.

*Directors’ remuneration*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Salaries | Fees | **2017**  **£** | 2016  £ |
| **Executive Directors** |  |  |  |  |
| J Arnold | 212,225 | - | **212,225** | 209,981 |
| **Non-Executive Directors** |  |  |  |  |
| M Jackson | 40,000 | - | **40,000** | 40,000 |
| D Lowe | 20,000 | - | **20,000** | 30,000 |
| C Pilling | - | 30,000 | **30,000** | 30,000 |
| J Hamer | - | 5,000 | **5,000** | - |
|  | 272,225 | 35,000 | **307,225** | 309,981 |

J Arnold received health insurance benefits during the year of £615 (2016: £883).

J Arnold received payments into a personal retirement money purchase pension scheme during the year of £7,725 (2016: £7,731).

No other directors received any other benefits other than those detailed above.

The number of directors at 30 November 2017 accruing retirement benefits under money purchase schemes was one (2016: one).

The interests of the directors in share options are detailed in the Directors’ Report within the Annual Report. No directors exercised share options during the year.

1. **Financial expense**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Effective interest charged on convertible loan notes | **231** | 217 |
| Interest charged on non-convertible loan notes | **106** | 178 |
| Other interest | **6** | - |
| Total financial expense | **343** | 395 |

1. **Taxation**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Current income taxes credit:** |  |  |
| UK corporation tax credit for the year | **(458)** | (333) |
| Adjustment in respect of prior year | **-** | (103) |
| Total current income tax credit | **(458)** | (436) |
| **Deferred tax (note 22)** |  |  |
| Impact of change in tax rate | **-** | - |
| De-recognition of deferred tax assets | **-** | 194 |
| Origination and reversal of temporary differences | **-** | 306 |
| Total deferred tax | **-** | 500 |
| Total tax (credit)/charge | **(458)** | 64 |

As shown above the tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

The differences are explained as follows:

Factors affecting tax credit:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Loss on ordinary activities before tax from continuing operations | **(3,793)** | (3,396) |
| Profit on ordinary activities before tax from discontinued operations | **558** | 1,497 |
| Loss on ordinary activities before tax | **(3,235)** | (1,899) |
| Loss on ordinary activities multiplied by effective rate of tax | **(647)** | (380) |
| Items not deductible for tax purposes | **25** | 666 |
| Items not taxable for tax purposes | **(85)** | - |
| Adjustment in respect of prior year | **-** | (103) |
| Additional R&D claim CTA 2009 | **(193)** | (260) |
| Deferred tax not recognised | **442** | 141 |
| Total tax (credit)/charge | **(458)** | 64 |
| Tax (credit)/charge reported in the Consolidated Statement of  Comprehensive Income | **(458)** | 4 |
| Tax charge attributable to discontinued operations | **-** | 60 |
| Total tax (credit)/charge | **(458)** | 64 |

*Factors that may affect future tax expenses*

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted in October 2015. A further reduction in the tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2016. These rates therefore have been considered when calculating the deferred tax at the reporting date.

1. **Dividend paid**

Due to the significant and ongoing investment in developing our products, the directors do not propose a dividend in respect of the year ended 30 November 2017.

1. **Earnings per share**

The calculation of earnings per share is based upon the total Group loss for the year of £2,777,000 (2016: loss of £1,963,000) divided by the weighted average number of ordinary shares in issue during the year which was 328,645,382 (2016: 315,301,844).

In 2017 and 2016 potential ordinary shares from the share option schemes and convertible loan notes have an anti- dilutive effect due to the Group being in a loss position. As a result, dilutive loss per share is disclosed as the same value as basic loss per share.

This has been computed as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Continuing Operations** | **Discontinued Operations** | **Total** | Continuing Operations | Discontinued Operations | Total |
| **Numerator** | **2017**  **£’000** | **2017**  **£’000** | **2017**  **£’000** | 2016  £’000 | 2016  £’000 | 2016  £’000 |
| (Loss)/Profit for the year and earnings used in basic EPS | **(3,335)** | **558** | **(2,777)** | (3,400) | 1,437 | (1,963) |
| Earnings used in  diluted EPS | **(3,335)** | **558** | **(2,777)** | (3,400) | 1,437 | (1,963) |
| **Denominator** |  |  |  |  |  |  |
| Weighted average number of shares used in basic EPS (‘000) | **328,645** | **328,645** | **328,645** | 315,302 | 315,302 | 315,302 |
| **Effects of:** | | | | | | |
| Dilutive effect of options | **N/A** | **N/A** | **N/A** | N/A | N/A | N/A |
| Dilutive effect of loan note conversion | **N/A** | **N/A** | **N/A** | N/A | N/A | N/A |
| Weighted average number of shares used in diluted EPS  (‘000) | **328,645** | **328,645** | **328,645** | 315,302 | 315,302 | 315,302 |
| Basic (Loss)/  earnings per share (pence) | **(1.01)** | **0.17** | **(0.84)** | (1.08) | 0.46 | (0.62) |
| Diluted loss per share for the year  (pence) | **(1.01)** | **0.17** | **(0.84)** | (1.08) | 0.46 | (0.62) |

The total number of options and warrants granted at 30 November 2017 of 19,518,379 (2016: 24,353,073) would generate £567,305 (2016: £716,379) in cash if exercised. At 30 November 2017, 2,220,000 (2016: 220,000) were priced above the mid-market closing price of 4.0p per share (2016: 4.625p per share) and 17,298,379 (2016: 24,133,073) were below.

At 30 November 2017 3,220,000 (2016: 7,872,941) staff options were eligible for exercising at an average price of 2.69p (2016: 2.96p). Also eligible for exercising are the 14,298,379 (2016: 14,491,897) warrants priced at 2.75p per share held by Elderstreet VCT plc, D Lowe and other individuals consequent to an initial investment in the Company in October 2008.

The below table shows the amount of outstanding convertible loan notes at 30 November 2017 and the amount of shares they subsequently converted into as a result of the holders serving the Company notice to convert on 28 December 2017.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Loan notes £’000 | Convert into  shares ‘000 | Date of conversion |
| Elderstreet VCT | 500 | 12,500 | 31 December 2017 |
| Unicorn AIM VCT | 750 | 18,750 | 31 December 2017 |
| Elderstreet VCT | 200 | 6,667 | 29 January 2018 |
| Hawk Investments | 300 | 10,000 | 29 January 2018 |
| Kestrel Partners LLP | 400 | 13,333 | 29 January 2018 |
| Octopus AIM VCT | 200 | 6,667 | 29 January 2018 |
| Total | 2,350 | 67,917 |  |

1. **Intangible fixed assets**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
|  | Brand Value  £’000 | Goodwill  £’000 | Development  Costs  £’000 | Software Licences  £’000 | Database  £’000 | Customer relationships  £’000 | Total  £’000 |
| **Cost** |  |  |  |  |  |  |  |
| At 1 December 2015 | 1,369 | 11,137 | 3,379 | 236 | 997 | 830 | 17,948 |
| Capitalised during the year | - | - | 522 | 57 | - | - | 579 |
| Disposals | - | (1,872) | (1,800) | - | - | - | (3,672) |
| Held for sale | - | (89) | (183) | (150) | - | - | (422) |
| **At 30 November 2016** | **1,369** | **9,176** | **1,918** | **143** | **997** | **830** | **14,433** |
| Capitalised during the  year | - | - | - | 79 | - | - | 79 |
| Disposals | - | - | - | - | - | - | - |
| Held for sale | - | - | (765) | (26) | - | - | (791) |
| **At 30 November 2017** | **1,369** | **9,176** | **1,153** | **196** | **997** | **830** | **13,721** |
| **Amortisation and**  **impairment** |  |  |  |  |  |  |  |
| At 1 December 2015 | 469 | 7,077 | 2,644 | 127 | 138 | 70 | 10,525 |
| Charge for the year | 60 | - | 265 | 71 | 272 | 226 | 894 |
| Disposals | - | (1,872) | (1,846) | - | - | - | (3,718) |
| Held for sale | - | - | (183) | (147) | - | - | (330) |
| **At 30 November 2016** | **529** | **5,205** | **880** | **51** | **410** | **296** | **7,371** |
| Charge for the year | 60 | - | 287 | 62 | 332 | 166 | 907 |
| Disposals | - | - | - | - | - | - | - |
| Held for sale | - | - | (765) | (23) | - | - | (788) |
| **At 30 November 2017** | **589** | **5,205** | **402** | **90** | **742** | **462** | **7,490** |
| **Net Book Value** |  |  |  |  |  |  |  |
| **At 30 November 2017** | **780** | **3,971** | **751** | **106** | **255** | **368** | **6,231** |
| At 30 November 2016 | 840 | 3,971 | 1,038 | 92 | 587 | 534 | 7,062 |

The carrying value and remaining amortisation period of individually material intangible assets are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Carrying amount | | Remaining amortisation period | |
|  | 2017  £’000 | 2016  £’000 | 2017  Years | 2016  Years |
| **Brand** |  |  |  |  |
| Access Intelligence Media and Communications | **780** | 840 | **13** | 14 |
| **Development Costs** |  |  |  |  |
| Access Intelligence Media and Communications - Vuelio Platform Development | **210** | 338 | **4** | 5 |
| AIMediaData - Vuelio Platform Development | **541** | 700 | **4** | 5 |
| **Database** |  |  |  |  |
| AIMediaData - PR & Media Contacts Database | **255** | 587 | **1** | 2 |
| **Customer Relationships** |  |  |  |  |
| AIMediaData - Acquired Customer Relationships | **368** | 534 | **3** | 4 |

For the purpose of impairment testing, goodwill is allocated by entity, which represent the Group’s CGUs and the lowest level within the Group at which the goodwill is monitored.

The carrying value of goodwill allocated to each CGU is:

|  |  |
| --- | --- |
| 2017 | Goodwill  £’000 |
| **Continuing operations** |  |
| Access Intelligence Media and Communications Limited | **1,928** |
| AIMediaData Limited | **2,043** |
|  | **3,971** |

|  |  |
| --- | --- |
| 2016 | Goodwill  £’000 |
| **Continuing operations** |  |
| Access Intelligence Media and Communications Limited | 1,928 |
| AIMediaData Limited | 2,043 |
|  | 3,971 |

At the reporting date, impairment tests were undertaken by comparing the carrying values of goodwill, capitalised development costs and other assets with the recoverable amount of the CGU to which the goodwill, capitalised development costs and other assets have been allocated. The recoverable amount of the CGU is based on value-in-use calculations.

These calculations use pre-tax cash flow projections covering a five-year period based on approved budgets and forecasts in the first three years, followed by applying specific growth rates for which the key assumptions in respect of annual revenue growth rates range between 0% and 7% from year 4 onwards, with a terminal value after year five.

The key assumptions used for value-in-use calculations are those regarding revenue growth rates and discount rates over the forecast period. Growth rates are based on past experience, the anticipated impact of the CGUs significant investment in research and development, and expectations of future changes in the market.

The discount rate used for all companies was 12%, based on an assessment of the Group’s cost of capital and on comparison with other listed technology companies. The terminal growth rate used for the purposes of goodwill impairment assessments was 2.5%. The Board considered that no impairment to goodwill is necessary based on the value-in-use reviews of Access Intelligence Media and Communications Limited and AIMediaData Limited as the value-in-use calculations exceeded the carrying values of goodwill relating to those companies.

Sensitivity analysis has been performed on reasonably possible changes in assumptions upon which recoverable amounts have been estimated. Based on the sensitivity analysis, a reduction of 43% in EBITDA delivered by Access Intelligence Media and Communications Limited would result in the carrying value of its goodwill and intangible assets being equal to the recoverable amount. For AIMediaData Limited, a 37% reduction in EBITDA would result in the carrying value of its goodwill and intangible assets being equal to the recoverable amount. For both companies, an increase in the discount rate by 12 percentage points would result in the carrying value of goodwill and intangible assets being equal to the recoverable amount.

*Other impairments*

Other intangible assets are tested for impairment if indicators of an impairment exist. Such indicators include performance falling short of expectation.

In 2017, no development costs (2016: £Nil) were impaired as a result of projects that did not perform as expected.

The directors considered that there were no indicators of impairment relating to the remaining intangible fixed assets at 30 November 2017.

1. **Investment in associate**

|  |  |
| --- | --- |
|  | Investment in associate  £’000 |
| **Cost** |  |
| At 1 December 2015 | - |
| Additions | 625 |
| **At 30 November 2016** | **625** |
| Additions | - |
| **At 30 November 2017** | **625** |
| **Share of loss of associate and impairment** |  |
| At 1 December 2015 | - |
| Share of loss of associate | 91 |
| **At 30 November 2016** | **91** |
| Share of loss of associate | 254 |
| **At 30 November 2017** | **345** |
| **Net Book Value** |  |
| **At 30 November 2017** | **280** |
| At 30 November 2016 | 534 |

As part of the consideration for the disposal of AITrackRecord Limited during the prior year, the Group received a 20% shareholding in TrackRecord Holdings Limited, a company registered in England and Wales. The fair value of this shareholding based on the funding raised by TrackRecord Holdings Limited was £625,000. The shareholding in TrackRecord Holdings Limited is treated as an investment in associates as the Group is not able to exercise control over the company, but is able to exercise significant influence over the company by way of its 20% shareholding and through J Arnold being the Group’s representative on the board of TrackRecord Holdings Limited.

During the period of ownership, the Group’s share of the loss of TrackRecord Holdings Limited was £254,000 (2016: £91,000). As the Group applies the equity method of accounting for its investment in TrackRecord Holdings Limited, the carrying value of investments in associates is reduced by this share of loss at the year-end.

*Summarised financial information for associate*

The tables below provide summarised financial information for TrackRecord Holdings Limited, an associate which is considered material to the Group. The information disclosed reflects the amounts presented in the financial statements of TrackRecord Holdings Limited and not Access Intelligence Plc’s share of those amounts.

|  |  |  |
| --- | --- | --- |
|  | **Track Record Holdings Limited**  **2017**  **£’000** | Track Record Holdings Limited  2016  £’000 |
| Total current assets | **799** | 2,160 |
| Total non-current assets | **787** | 703 |
| Total current liabilities | **(187)** | (193) |
| **Net assets** | **1,399** | 2,670 |
| **Access Intelligence Plc share of net assets (20%)** | **280** | 534 |

*Reconciliation to carrying amounts*

|  |  |  |
| --- | --- | --- |
|  | **Track Record Holdings Limited**  **2017**  **£’000** | Track Record Holdings Limited  2016  £’000 |
| Opening net assets 1 December | **2,670** | - |
| Issue of share capital | **-** | 313 |
| Share premium on issue of shares | **-** | 2,812 |
| Loss for the period | **(1,271)** | (455) |
| **Net assets** | **1,399** | 2,670 |

Summarised statement of comprehensive income

|  |  |  |
| --- | --- | --- |
|  | **Track Record Holdings Limited**  **2017**  **£’000** | Track Record Holdings Limited  2016  £’000 |
| Revenue | **430** | 359 |
| **Loss for the period from continuing operations** | **(1,271)** | (455) |
| Other comprehensive income | **-** | - |
| **Total comprehensive income** | **(1,271)** | (455) |

1. **Property, plant and equipment**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Fixtures, fitting and**  **equipment**  **£’000** | **Leasehold improvements**  **£’000** | **Total**  **£’000** |
| **Cost** |  |  |  |
| At 1 December 2015 | 576 | 187 | 763 |
| Additions | 17 | - | 17 |
| Disposals | (115) | - | (115) |
| Classified as held for sale | (2) | - | (2) |
| **At 1 December 2016** | **476** | **187** | **663** |
| Additions | 26 | 92 | 118 |
| Disposals | (1) | - | (1) |
| Classified as held for sale | (47) | - | (47) |
| **At 30 November 2017** | **454** | **279** | **733** |
| **Depreciation** |  |  |  |
| At 1 December 2015 | 436 | 54 | 490 |
| Charge for the year | 90 | 94 | 184 |
| Disposals | (109) | - | (109) |
| Classified as held for sale | (2) | - | (2) |
| **At 1 December 2016** | **415** | **148** | **563** |
| Charge for the year | 50 | 21 | 71 |
| Disposals | (1) | - | (1) |
| Classified as held for sale | (46) | - | (46) |
| **At 30 November 2017** | **418** | **169** | **587** |
| **Net Book Value** |  |  |  |
| **At 30 November 2017** | **36** | **110** | **146** |
| At 30 November 2016 | 61 | 39 | 100 |

1. **Trade and other receivables**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Current assets** |  |  |
| Trade receivables | **1,925** | 1,780 |
| Less: provision for impairment of trade receivables | **(137)** | (78) |
|  | **1,788** | 1,702 |
| Prepayments and other receivables | **1,180** | 863 |
|  | **2,968** | 2,565 |

All trade receivables are reviewed by management and are considered collectible. The ageing of trade receivables which are past due and not impaired is as follows:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £‘000 |
| **Days outstanding:** |  |  |
| 31–60 days | **505** | 829 |
| 61–90 days | **157** | 119 |
| 91-180 days | **377** | 178 |
|  | **1,039** | 1,127 |

Movements on the Group provision for impairment of trade receivables are as follows:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £‘000 |
| **At 1 December** | **78** | 330 |
| Increase in provision | **84** | 39 |
| Written off in year | **(25)** | (291) |
| At 30 November | **137** | 78 |
|  |  |  |

*Ageing of impaired debt*

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £‘000 |
| Days outstanding |  |  |
| 91-180 days | **18** | 26 |
| 181-270 days | **21** | 25 |
| More than 270 days | **98** | 27 |
|  | **137** | 78 |

The creation and release of a provision for impaired receivables has been included in ‘administrative expenses’ in the income statement. Amounts charged to the allowance account are generally written off, where there is no expectation of recovering additional cash.

The other asset classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above together with our cash deposits totalling £673,000 (2016: £1,162,000). The Group does not hold any collateral as security.

As disclosed in note 21, credit risk is considered according to sector and necessary allowances are made when needed by assessing changes in our customers’ credit profiles and credit ratings.

1. **Interest bearing loans and borrowing**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| **Current** |  |  |
| Convertible loan notes | **2,359** | 1,264 |
| Non-convertible loan notes | **110** | 110 |
| Other | **20** | - |
|  | **2,489** | 1,374 |
| **Non-current** |  |  |
| Convertible loan notes | **-** | 1,052 |
| Non-convertible loan notes | **844** | 849 |
| Other | **40** | - |
|  | **884** | 1,901 |

On 30th June 2009 £1,750,000 convertible loan notes were issued. At 30 November 2015 and 30 November 2016, £1,250,000 of these loan notes were in issue.

The original terms were that these loan notes were redeemable at par or convertible to ordinary shares at 4p per ordinary share on or before maturing on 30th June 2015 and carried a coupon rate of 6% per annum payable semi- annually until such time as they were repaid or were converted in accordance with their terms. The holder of the notes may convert all or part of the notes held by them into new ordinary shares in the Company on delivery to the Company of a conversion notice at 4p per share.

In 2014, the Company agreed terms with Elderstreet VCT (a company related to Chairman Michael Jackson) and Unicorn AIM VCT plc to extend the loans such that they mature on 31 December 2015, with enhanced interest at 8% during this extended period with conversion rights unchanged at 4p per share. In January 2016, the maturity dates of the loan notes were extended to 31 December 2016 with all other terms remaining unchanged. The carrying value of these loans at the prior year-end, including accrued interest, was £1,277,000. In December 2016 the maturity dates of the loan notes were further extended to 31 December 2017 with all other terms remaining unchanged. These notes are classified as current at the year end.

In December 2014 the Company issued £1,100,000 of convertible loan notes. These loan notes are redeemable at par or convertible to ordinary shares at 3p per ordinary share on or before maturing on 3 December 2019 and carry a coupon rate of 8% per annum payable semi-annually until such time as they are repaid or converted.

On 28 December 2017, the Company received notices from all of the holders of the £1.25 million 2009 convertible loan notes and the £1.1 million 2014 convertible loan notes to convert these into equity.

The 2009 convertible loan notes converted into 31,250,000 new ordinary shares at a conversion price of 4.0p, with conversion being effective on 31 December 2017 and the new shares being admitted to trading on the AIM market of the London Stock Exchange on 3 January 2018.

The 2014 convertible loan notes converted into 36,666,665 new ordinary shares at a conversion price of 3.0p, with conversion being effective and the new shares being admitted to trading on the AIM market of the London Stock Exchange on 29 January 2018.

The net proceeds received from the issues of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Proceeds of issue of convertible loan notes | **-** | - |
| Existing loan notes rolled over | **2,350** | 2,350 |
| Equity component | **(255)** | (255) |
| Deferred taxation | **(79)** | (79) |
| Initial fair value of liability component | **2,016** | 2,016 |
| Cumulative interest charged | **1,240** | 1,009 |
| Cumulative interest paid | **(897)** | (709) |
| **Liability component at 30 November** | **2,359** | 2,316 |

The equity component of £255,000 (2016: £255,000) has been credited to equity reserve. The interest charged for the year is calculated by applying an effective rate of interest of 10.1% (2016: 10.1%) to the liability component for the 12-month period. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 November 2017 represents the effective interest rate less interest paid to that date.

The movement on the convertible loan note liability is summarised below:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Opening loan liability | **2,316** | 2,286 |
| Interest charged for the year | **231** | 217 |
| Interest paid in the year | **(188)** | (187) |
| **Liability component at 30 November** | **2,359** | 2,316 |

On 22 June 2015 the Company issued £1,818,000 of non-convertible loan notes which carried an interest rate of 10% for one year rising to 12% thereafter. Interest is payable quarterly in arrears. The loans notes are fully repayable in five years. £900,000 of these loan notes were repaid on 22 April 2016.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Opening loan liability | **959** | 1,830 |
| Issue of non-convertible loan notes | **-** | - |
| Costs associated with the issue of loans | **-** | - |
| Repayment of non-convertible loan notes | **-** | (900) |
| Interest charged for the year | **105** | 178 |
| Interest paid in the year | **(110)** | (149) |
| **Liability component at 30 November** | **954** | 959 |
|  |  |  |

1. **Trade and payables**

|  |  |  |
| --- | --- | --- |
| **Due within one year** | **2017**  **£’000** | 2016  £’000 |
| Trade payables | **1,262** | 1,041 |
| Other taxes and social security costs | **206** | 161 |
| VAT payable | **90** | 99 |
|  | **1,558** | 1,301 |

1. **Deferred revenue**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| At 1 December | **3,772** | 4,643 |
| Invoiced during the year | **9,064** | 10,464 |
| Revenue recognised during the year | **(8,063)** | (10,931) |
| On disposal of business | **-** | 28 |
| Revenue recognised on items moved to held for sale during the year | **(388)** | - |
| Deferred revenue moved to held for sale | **(248)** | (432) |
| **At 30 November** | **4,137** | 3,772 |

1. **Financial instruments**

The Group’s treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the Group’s requirements. The Group uses financial instruments comprising borrowings, cash, liquid resources and items such as trade receivables and payables that arise directly from its operations. The main risks arising from the Group financial instruments relate to the maintaining of liquidity across the four group entities and debt collection. The Board reviews policies for managing each of these risks and they are summarised below.

The Group finances its operations through a combination of cash resources, loan notes and equity. Short term flexibility is provided by moving resources between the individual subsidiaries. Exposure to interest rate fluctuations is minimal as all borrowings are at fixed rates of interest. The Group also has deposit facilities on which 1.25% interest was being earned throughout 2017 (2016: 1.25%) and will be optimising the use of these accounts going forward. The Group’s exposure to interest rate risk is not significant and therefore no sensitivity analysis has been performed.

Small amounts of foreign currency risk exist in two subsidiaries which invoice in currencies other than sterling. Due to the relative size of the currency risks concerned no hedging takes place in Australian dollars, Euros or US dollars. At the year-end there were no open contracts, however the Group was holding a US dollar deposit of $2,044 (2016: $271,334) which was translated at the rate of 1.3399 (2016: 1.2481) for inclusion in the consolidated statement of financial position. This amounted to £1,526 (2016: £217,398). There are no hedges against this balance.

The Group did not hold any other significant assets or liabilities in foreign denominated currencies at the reporting date. The directors do not consider that there is a significant exposure to foreign exchange risk and therefore no sensitivity analysis has been performed.

At 30 November 2017 borrowings comprised convertible loan notes of £2,350,000 (2016: £2,350,000) and non-convertible loan notes of £918,000 (2016: £918,000).

On 28 December 2017, the Company received notices from all of the holders of the £1,250,000 2009 convertible loan notes and the £1,100,000 2014 convertible loan notes to convert these into equity.

There is no material difference between the fair values and book values of the Group’s financial instruments. Short term trade receivables and payables have been excluded from the above disclosures.

The objectives of the Group’s treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise the adverse effects of fluctuations in the financial markets on the value of the Group’s financial assets and liabilities, on reported profitability and on the cash flow of the Group. Interest income is sought wherever possible and in 2016 produced £Nil (2016: £Nil) of income.

The Group’s principal financial instruments for fundraising are through share issues.

|  |  |  |
| --- | --- | --- |
|  | **Loans, receivables and other payables**  **£’000** | Total  £’000 |
| **2017** |  |  |
| Assets per the balance sheet |  |  |
| Trade and other receivables excluding prepayments | **1,788** | **1,788** |
| Cash and cash equivalents | **673** | **673** |
|  | **2,461** | **2,461** |
| Liabilities per the balance sheet |  |  |
| Trade and other payables excluding accruals | **1,558** | **1,558** |
| Interest bearing loans and borrowings | **3,373** | **3,373** |
|  | **4,931** | **4,931** |
| Undiscounted contractual maturity of financial liabilities |  |  |
| Amounts due within one year |  | **1,759** |
| Amounts due between one and five years |  | **1,156** |
| Amounts that convert to equity |  | **2,359** |
|  |  | **5,274** |
| Less: future interest charges |  | **(342)** |
| Financial liabilities carrying value |  | **4,931** |

The above analysis excludes corporation tax receivable.

|  |  |  |
| --- | --- | --- |
|  | **Loans, receivables and other payables**  **£’000** | Total  £’000 |
| **2016** |  |  |
| Assets per the balance sheet |  |  |
| Trade and other receivables excluding prepayments | 1,702 | 1,702 |
| Cash and cash equivalents | 1,162 | 1,162 |
|  | 2,864 | 2,864 |
| Liabilities per the balance sheet |  |  |
| Trade and other payables excluding accruals | 1,301 | 1,301 |
| Interest bearing loans and borrowings | 3,275 | 3,275 |
|  | 4,576 | 4,576 |
| Undiscounted contractual maturity of financial liabilities |  |  |
| Amounts due within one year |  | 1,541 |
| Amounts due between one and five years |  | 1,502 |
| Amounts that convert to equity |  | 2,315 |
|  |  | 5,358 |
| Less: future interest charges |  | (782) |
| Financial liabilities carrying value |  | 4,576 |

The liquidity risk relating to the contractual liabilities listed above is managed on a local basis through their day to day cash management. The Group has invested significantly in restructuring the Group and building products written in current code bases, accordingly the Group is liquid with £673,000 (2016: £1,162,000) available cash resources against a liability payable within the next 12 months of £1,759,000 (2016: £1,541,000). Management monitor cash balances weekly. However should any subsidiary, or the Company, find that it does not have the liquidity to pay a debt as it becomes due an inter-company cash transfer will be made available by another member of the Group.

1. **Financial and operational risk management**

The Group’s activities expose it to a variety of financial risks which are managed by the Group and subsidiary management teams as part of their day-to-day responsibilities. The Group’s overall risk management policy concentrates on those areas of exposure most relevant to its operations. These fall into four categories:

* Competitive risk — that our products are no longer competitive or relevant to our customers;
* Cash flow and liquidity risk — that we run out of the cash required to run the business;
* Credit risk — that our customers do not pay;
* Key personnel risk — that we cannot attract and retain talented people; and
* Capital risk - that we do not have an optimal structure to allow for future acquisition and growth.

Further information on these risks and the Group’s actions to mitigate them is provided within the Strategic Report.

1. **Deferred tax assets and liabilities**

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current year and the prior year:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Accelerated depreciation  £’000 | Convertible loan notes  £’000 | Share-based payments  £’000 | Tax losses  £’000 | Accelerated tax on assets  £’000 | Total  £’000 |
| At 1 December 2015 | 29 | (29) | - | 719 | (190) | 529 |
| Charge to profit or loss | (2) | - | - | (511) | 13 | (500) |
| Disposal of subsidiary | 1 | - | - | - | (24) | (23) |
| Moved to held for sale | (6) | - | - | - | - | (6) |
| At 30 November 2016 | 22 | (29) | - | 208 | (201) | - |
|  |  |  |  |  |  |  |
| At 1 December 2016 | 22 | (29) | - | 208 | (201) | - |
| Charge to profit or loss | 8 | - | - | (32) | 24 | - |
| Disposal of subsidiary | - | - | - | - | - | - |
| Moved to held for sale | - | - | - | - | - | - |
| **At 30 November 2017** | **30** | **(29)** | **-** | **176** | **(177)** | **-** |
|  |  |  |  |  |  |  |
| Attributable to: |  |  |  |  |  |  |
| Continuing operations | 30 | (29) | - | 176 | (177) | - |
| Discontinued operations | - | - | - | - | - | - |
| **Total** | **30** | **(29)** | **-** | **176** | **(177)** | **-** |

At the reporting date the Group had unused tax losses of approximately £7,000,000 (2016: £6,000,000) available for offset against future profits. A deferred tax asset has been recognised in respect of all available losses expected to be utilised against future taxable profits within three years based on the forecasts approved by the directors. The tax losses do not have any expiry date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets totalling £1,299,000 (2016: £923,000) arising in respect of losses have not been included in the statement of financial position due to uncertainties in regard to their recoverability.

The following is the aggregate amounts of deferred tax balances in each group entity, after allowable offset, for financial reporting purposes:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’000** | 2016  £’000 |
| Deferred tax assets | **206** | 230 |
| Deferred tax liabilities | **(206)** | (230) |
| Total | **-** | - |

1. **Share capital**

|  |  |  |
| --- | --- | --- |
| Equity: Ordinary shares of 0.5p each | **2017**  **£’000** | 2016  £’000 |
| Allotted, issued and fully paid 348,674,357 ordinary shares of 0.5p each (2016: 315,935,118 ordinary shares of 0.5p each) | **1,743** | 1,580 |

|  |  |  |
| --- | --- | --- |
|  | **2017** | 2016 |
| Number of shares at 1 December | **315,935,118** | 307,127,015 |
| New shares issued in year | **31,384,615** | - |
| Share options exercised | **1,354,624** | 8,808,103 |
| Number of shares at 30 November | **348,674,357** | 315,935,118 |
|  |  |  |

During 2017, 1,161,106 shares were issued at 3.0p as a result of a former employee exercising share options and 193,518 were issued at 2.75p as a result of the same former employee exercising warrants, and 31,384,615 ordinary shares were issued at 3.25p to existing institutional shareholders and management.

On 21 September 2011 29,666,667 ordinary shares of 0.5 pence, and with a total nominal value of £148,333 were returned to the Company and were held in treasury at the year end. The shares held in treasury have no voting rights, or rights to dividends and so the total issued share capital for voting and dividend purposes is 319,007,690 (2016: 286,268,451).

Transaction costs associated with share issues in the year amounted to £3,000 (2016: £Nil). Transaction costs are accounted for as a reduction from the share premium account.

1. **Equity-settled share based payments**

The Company has a share option scheme for employees of the Group.

Ordinary share options and warrants granted and subsisting at 30 November 2017 were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date of grant** | **Exercise price** | **No of shares** | **Exercisable between** |
| 23 October 2008 | 2.75p | 14,298,379 | No time limit |
| 03 April 2009 | 2.75p | 1,000,000 | Apr 2012-Apr 2019 |
| 29 September 2009 | 4.375p | 2,000,000 | Sep 2012-Sep 2019 |
| 04 December 2009 | 5.5p | 220,000 | Dec 2012-Dec 2019 |
| 19 December 2011 | 2.2p | 1,000,000 | Dec 2014-Dec 2021 |
| 24 October 2013 | 2.5p | 1,000,000 | Oct 2016-Oct 2023 |
|  |  | 19,518,379 |  |

Details of the movements in the weighted average exercise price (“WAEP”) and number of share options during the current and prior year are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | At start of year | Granted | Exercised | Forfeited | At end of year |
| WAEP 2016 | 2.90 | - | 2.63 | (4.64) | 2.94 |
| **WAEP 2017** | **2.94** | **-** | **2.96** | **(3.13)** | **2.91** |
| Options 2016 | 33,958,676 | - | (8,808,103) | (797,500) | 24,353,073 |
| **Options 2017** | **24,353,073** | **-** | **(1,354,624)** | **(3,480,070)** | **19,518,379** |

No options were cancelled in the year (2016: Nil).

The weighted average price of shares on the date of exercise during the year was 4.50 pence (2016: 4.875 pence).

The option movements detailed above resulted in a share-based payment charge for the Group of £Nil (2016: £13,000). During 2017, there were no share options granted in the year.

Further details of share options exercisable at the year-end are provided in note 12.

There are no market, non-market or service conditions as part of the share option scheme. The only condition existing is that employees must still be in employment with the Company at the point they exercise the options.

1. **Cash and cash equivalents**

The Group monitors its exposure to liquidity risk based on the net cash flows that are available. The following provides an analysis of the changes in net funds:

|  |  |  |  |
| --- | --- | --- | --- |
|  | As at 30 November 2016  £’000 | Cash outflow  £’000 | **As at 30 November 2017**  **£’000** |
| Cash and cash equivalents | 1,162 | (489) | **673** |
|  |  |  |  |
|  |  |  |  |
|  | As at 30 November 2015  £’000 | Cash outflow  £’000 | **As at 30 November 2016**  **£’000** |
| Cash and cash equivalents | 1,523 | (361) | **1,162** |

1. **Commitments**

*Capital commitments*

The group had no capital commitments at the end of the financial year or prior year

*Operating lease commitments*

Commitments for minimum lease payments in relation to operating leases are payable as follows:

|  |  |  |
| --- | --- | --- |
|  | **Land and buildings** | |
|  | **2017**  **£’000** | 2016  £’000 |
| Not later than one year | **246** | 566 |
| Later than one year and not later than five years | **759** | 2,281 |
| Later than five years | **-** | 96 |
|  | **1,005** | 2,943 |

The Group leases various offices and storage units under non-cancellable fixed term operating lease agreements. The lease terms are up to 10 years, with break clauses ahead of the full term and the majority are not renewable at the end of the lease period.

There were no other operating lease commitments.

*Provisions and contingent liabilities*

|  |  |  |
| --- | --- | --- |
|  | **Onerous Contracts**  **£’000** | Leasehold dilapidations  £’000 |
| At 1 December 2016 | 27 | 374 |
| Charged to profit or loss | - | - |
| Released in year | (27) | (148) |
| **At 30 November 2017** | **-** | **226** |
|  |  |  |
| Due within one year | - | - |
| Due after more than one year | - | 226 |
|  | **-** | **226** |

Onerous contracts predominantly relate to office equipment and services no longer required after a business combination. There was no remaining liability at 30 November 2017.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The earliest point at which it is considered that this amount may become payable is December 2018.

1. **Related party transactions**

Two (2016: one) of the directors have received a portion of their remuneration through their individual service companies during the year. The payments represent short term employee benefits. The amounts involved are as follows and relate to activities within their responsibilities as directors:

In all cases the directors are responsible for their own taxation and national insurance liabilities.

|  |  |  |
| --- | --- | --- |
|  | **2017**  **£’** | 2016  £’ |
| C Pilling (via The Personal Web Company Limited) | **30,000** | 30,000 |
| J Hamer (via Fin Dec Limited) | **5,000** | - |

At the year-end Access Intelligence Plc owed Elderstreet Investments Limited, a company of which M Jackson is Chairman £8,337 (2016: £8,337).

During the year, interest on convertible loans of £56,110 (2016: £56,153) and on non-convertible loans of £36,000 (2016: £31,595) was paid to Elderstreet VCT plc, a company of which M Jackson is Chairman. At the year end, an amount of £2,040 (2016: £2,040) was due from M Jackson.

During the year, Access Intelligence Plc recharged certain costs to Track Record Holdings Limited, an associate company. The total amount invoiced was £80,754 (2016: £22,039) and the outstanding balance at the year end was £Nil (2016: £22,039).

During the year Access Intelligence Media and Communications Limited received services from Macranet Limited, a company in which M Jackson is a board member, totalling £75,900 (2016: £107,400). At the year end the Company owed £12,600 (2016: £12,600) to Macranet Limited.

During the year the Company recognised a share based payment charge of £Nil (2016: £3,208) in respect of key management personnel.

1. **Pension commitments**

Individual subsidiaries of the Group operate defined contribution pension schemes for their employees. The assets of the schemes are held separately from those of the Group. The annual contributions payable are charged to the income statement when they fall due for payment.

During the year £130,000 (2016: £119,000) was contributed by the Group to individual pension schemes. At 30 November 2017 no pension contributions were outstanding (2016: £Nil).

1. **Events after the reporting date**

On 28 December 2017, the Company received notices from all of the holders of the £1,250,000 2009 convertible loan notes and the £1,100,000 2014 convertible loan notes to convert these into equity.

The 2009 convertible loan notes converted into 31,250,000 new ordinary shares at a conversion price of 4.0p, with conversion being effective on 31 December 2017 and the new shares being admitted to trading on the AIM market of the London Stock Exchange on 3 January 2018.

The 2014 convertible loan notes converted into 36,666,665 new ordinary shares at a conversion price of 3.0p, with conversion being effective and the new shares being admitted to trading on the AIM market of the London Stock Exchange on 29 January 2018.

1. **Availability of Annual Report**

Copies of the Report and Accounts will be posted to shareholders where requested and the document will be available from the Company's website ([www.accessintelligence.com](http://www.accessintelligence.com/)).