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[ Annual Report & Accounts ]  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

**Digital Supply Chain Management**  
...the voice of the customer



# [ Introduction ]

## Welcome to our 2014 Annual Report

Actual Experience is the leader and innovator of Digital Supply Chain Management. Our patent-pending analytics capability measures the quality of every digital product and service and provides business leaders with a common platform and actionable data to manage the digital business.



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Additional information online



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# Strategic Report

# [ Chairman's Statement ]

## Introduction

I am delighted to present Actual Experience's maiden full year's results following its listing on AIM on 13 February 2014.

Since joining Actual Experience in February 2014 I have been impressed with the team and the scale of the opportunity in front of the Company. In the world of physical products and services, successful companies have for years adopted science-based, data-driven processes that measure all aspects of production in order to manage quality and maintain brand position in the market. These are not one-time improvements, but elements of a relentless supply chain management journey to ensure product excellence, as a result of which customers can enjoy seemingly perfect consumer goods.

Yet, in the digital world – whether at home, in the office, or on a smartphone – consumers are often frustrated by products for banking, shopping, work, TV, navigation and so much more. This is a serious quality problem, in large part due to the pervasive absence of science and data to assist businesses with digital supply chain management and quality improvement, which depresses revenue and reduces brand value.

The significant opportunity for Actual Experience to assist business leaders on the journey to digital business excellence is large and compelling. To help lead a company which is enabling such an important transformation in the digital world is an opportunity that does not come along very often. The introduction of digital supply chain management as a core discipline of the digital business remains the objective of Actual Experience. As with the adoption of physical supply chain management discipline, it has the potential to be a large and valuable opportunity.

## Highlights

An early highlight in the Company's year was the November 2013 funding round of £4.1 million led by Henderson Global Investors. The proceeds have been, and will continue to be, used to fund working capital for operations and, in particular, the expansion of our technology development and customer facing teams. Soon after this, in February 2014, Actual Experience listed on AIM. This is a significant milestone for any young company and represents an important step in our plans to build a world-class technology leader.

The Company has also recently announced the formation of a wholly owned US subsidiary. This development reflects the increasing level of interest shown in our technology by prospective US partners and customers and represents a substantial increase in our addressable market.

“Since joining Actual Experience in February 2014 I have been impressed with the team and the scale of the opportunity in front of the Company.”

**Stephen Davidson** Chairman



Whilst I am pleased with the progress that has been made since the Company's listing on AIM there remains much to be achieved and I look forward to working with the Board and management team to deliver further progress.

## Board

The Board was strengthened ahead of the AIM listing with the addition of two directors; in addition to my appointment as a Non-executive Director, Steve Bennetts joined the Board as an Executive Director and Company Secretary in February 2014. Steve joined Actual Experience as Chief Financial Officer in October 2013 and brings a wealth of experience in financial leadership in both the UK and US technology sectors. A further change ahead of the listing saw Dr Mark Reilly, who had previously served on the Board for several years as a representative of IP Group plc, join the Board in a personal capacity. Mark has played a significant role in the development of Actual Experience and I am delighted that the Company will be able to continue to leverage his knowledge and expertise.

In July 2014 we further strengthened the Board with the recruitment of two additional Non-executive Directors. Sir Bryan Carsberg is a former Director General of OFT and Ofcom and brings vast experience of the communications industry. This experience is expected to be valuable in supporting Actual Experience's important relationships with Ofcom and major telecom carriers. At the same time we announced that Robin Young would be joining the Board with effect from the start of September 2014. Robin has extensive technology and operations experience, having served in senior capacities at Mitchells & Butlers, GlaxoSmithKline, and Procter & Gamble.



A further change to the Board in July 2014 was my appointment as Chairman. I am both honoured and delighted with this development and, more importantly, pleased that it will enable our CEO, Dave Page, to focus all his talents and energies on the challenges of leading the employee team and executing the Company's strategic objectives.

These appointments greatly strengthen the Board and give the business an experienced senior leadership team that has a broad, deep, and relevant skill base.

Last, but not least, Nigel Mitchell stepped down as a Non-executive Director at the end of the fiscal year. I would like to thank Nigel for his considerable contribution which has helped the Company through the many challenges of an early stage business.



For further information on our Board go to page 16

## Our people

The Company has steadily increased its headcount since admission and this currently stands at 24 people. This increase has primarily occurred in the sales and technology business functions. I would like to extend a warm welcome to employees who have joined us in the past year and also thank, on behalf of the Board, all staff for their dedication and hard work over this period.

The Board believes that the Company has developed a very strong team and is pleased to see the efforts made by management to ensure that high recruitment standards are maintained in this important growth phase. Our employees and their ongoing efforts will be critical to our future success and I look forward to their continued commitment and contribution to the growth of the business.

## Strategy

Our strategy is to create and dominate the global market for digital supply chain management services. We believe that every business is increasingly digital. Businesses are recognising that they must improve the quality of their digital products in order to remain competitive. This means that the market opportunity for the Company is truly global. Our goal is to create value for shareholders by addressing this opportunity and realising the potential of the business.



For further information on our Strategy go to page 6

## Outlook

Overall, I am pleased with the progress made by the Company on a broad front, and in particular the further development of its relationships with several leading technology companies. Progressing these partnerships to achieve their undoubted potential remains our most important priority. We are pleased with the response to our technology offering from potential partners and customers in the US and expanding our presence in this important market is also a major priority for us.

On behalf of the Board I would like to thank all shareholders, customers and employees that have supported Actual Experience and who have played an integral part in the Company's successes to date. Actual Experience's journey continues to be an exciting one and I look forward to the opportunities that lie ahead of us.

### Stephen Davidson

Chairman

20 January 2015

# [ Chief Executive's Report ]

Following a year of hard work by a very talented growing team, I am more convinced and excited than ever about Actual Experience's opportunity to create and lead digital supply chain management in an \$8 trillion (and growing) global digital economy. Customer feedback to date has been very positive. We hope to bring significant news of customer adoption by major businesses in 2015, such as the recently announced Ofcom order, which will help us accelerate into this vast market.

In the first half of the fiscal year, in February 2014, we completed our admission to AIM, raising sufficient capital to scale our business. In the second half of the year we focused on the investment of this capital into people, processes and practices, technology development and strategic market activities.

Our new digital methods continue to be validated, most recently with the inclusion of our analysis of Digital Britain in Ofcom's recent triennial state-of-the-nation report. We have also been fortunate to be able to further our relationships with strategic business and channel partner prospects, into which we are commensurately investing effort. Our focus on scaling the business to meet growing market demand is expected to increase shareholder value in the current and subsequent fiscal years.

The Company has achieved substantial progress in the development of its business since the start of the financial year:

- △ Completed a £4.1 million funding round in November 2013, led by Henderson;
- △ Listed on AIM, in February 2014;
- △ Strengthened significantly the sales and senior management teams, and Board;
  - Bolstered the management team, with experienced talent in CFO, CMO, and Americas GM;
  - Added new Board members with substantial expertise and connections to senior business leaders across industry;
- △ Expanded the development team and achieved scalability targets;
- △ Increased sales resources and expanded into the US market;
- △ Established US operations with a subsidiary, Actual Experience Inc., in July 2014;
- △ Achieved material commercial progress with global channel partners and with significant customers;
- △ Gained national media coverage of our analysis published in Ofcom's triennial infrastructure report;
- △ Commissioned a second analytics cloud service centre, with several more planned in 2015;
- △ Increased industry awareness, including several awards from authoritative bodies, such as Red Herring, and BCS, the Chartered Institute for IT.

"I expect 2015 to demonstrate the rewards of our 2014 investment in team, product, processes and sales, with significant new customer relationships and new channel partner agreements."

Dave Page CEO



As with any new business bringing advanced innovation to market, traction with significant customer and channel partner prospects, such as those with whom we are currently engaged, has elements of unpredictability in both timing and scale. Our conversations with these prospects, however, have been both substantive and strategic and momentum is building.

The Company offers a cloud service which analyses the performance quality of digital products and services. It is based on a decade's worth of research at Queen Mary University of London by my co-founder, Professor Jonathan Pitts, and complemented by an additional five years of software research, development and testing. After many years of long days and nights turning leading academic research into a commercial global software service platform, I'm pleased to report that the core service has matured well and the Company remains on track to achieve our objectives for analytical output and scalability.

Through interaction with customers and analysts, it appears that our market proposition is unique. There is no single category in the current IT landscape which considers comprehensive, end to end, digital business quality management capabilities. This provides the Company with an opportunity to lead the nascent business management discipline of Digital Supply Chain Management. Helpfully, we can point to best practice in the physical world as the foundation for this discipline. Supply Chain Management leaders in the physical world are well-known brands whose attention to quality and consistency is indicative of the respect from both competitors and the general public. Apple heads the Gartner Supply Chain Management leaders list, which also includes leading brands such as Cisco, P&G, Walmart, and Amazon.

Our professional and personal lives are becoming increasingly digital, with the global digital economy already exceeding \$8 trillion. Business leaders must focus on digital product quality as relentlessly as they have done in the physical world. Actual Experience brings the necessary digital science, data and methods for this to be accomplished. Actual Experience's goal is to help digital business leaders to be similarly recognized for their focus on digital business quality through the discipline of Digital Supply Chain Management.

A recent Infrastructure Report from Ofcom (December 2014) confirms that speed and quality are quite different things, and that the investment in digital quality in the UK must focus beyond just access speeds. A national conversation about digital quality in a country as digitally advanced as the UK, with Actual Experience right in the middle of the discussion, is quite helpful in making the industry case for Digital Supply Chain Management as a business discipline. The larger point, though, is that policymakers and business leaders are intrigued by our capabilities and relevance to digital business improvement.

The more conversations with customers, media and analysts we have, the more convinced we are to focus on borrowing best practice in quality and consistency from the world of physical goods and services. We can help our customers bring quality in the digital business to levels achieved for physical products and services.

I expect 2015 to demonstrate the rewards of our 2014 investment in team, product, processes and sales, with significant new customer relationships and new channel partner agreements. On the development front, we intend to expand our analytical capabilities to fully incorporate mobile services and platforms. Business leaders will be able to view digital quality analysis on their mobile devices, and mobile workforces will be incorporated into the digital supply chain management discipline. On the market front, we will continue to build awareness amongst industry analysts and media of the opportunity for businesses to manage digital product and service quality as a means to improving the digital business.

I look forward to reporting our progress at this time next year!

**Dave Page**

Chief Executive Officer  
20 January 2015

# [Our Strategy]



Achieving excellence in business operations is a journey taken each day, built on a foundation of informed management

The strategic objective of the Company is to build a massively scalable global business which dominates the market for improving the quality of digital products and services. Supply Chain Management is a well-practised management discipline which enables market leaders to manage quality of physical products (cars, phones, TVs, etc) and services (logistics, hotels, etc). Similar quality management of digital products and services has, until now, not been possible. Actual Experience uniquely provides a rigorous, data-driven service to manage the quality of digital products and services. We refer to this market for digital quality management as Digital Supply Chain Management.

Achieving excellence in business operations is a journey taken each day, built on a foundation of informed management. Excellence in digital quality, as in physical, is invariably derived through data-driven analysis. The ability to manage digital quality will separate market leaders in all industries and force competitors to similarly manage digital quality to remain competitive – exactly as it has in the automotive and other industries.

The Company has a patent-pending analysis capability to measure and manage quality for any digital product or service without software integration or tracking of human activity. Discussions with channel partners and global brands in multiple sectors, including airline, financial, technology, consulting and others, continue to affirm our innovation, business value and market interest in our digital quality analysis capabilities.

The potential customers for our services are businesses with significant digital revenue and digital operations, which is to say the vast majority of businesses globally. Our digital quality analysis has stakeholders across all business levels and functions, from finance and procurement to customer service and marketing.

Our market activities will focus on strengthening existing customer and channel relationships, concluding agreements with existing channel partner prospects, and broadening our reach to other channels and geographies. We intend to reach agreement with large, strategic channel partners who have respected brands, broad market penetration, deep customer reach, and strong technology and management skills. We expect to drive the majority of customer activity through strategic channel partnerships.

Development activities will focus on rounding out the service offering, to include mobile measurements, mobile dashboards, expansion of our BbFix® project, broader geographic coverage, and increased analysis capacity.



For further information on BbFix go to page 12

Another element of our strategy will be to build awareness of and market adoption for Digital Supply Chain Management as a key digital management discipline.

## The key elements of our strategy are as follows:

- △ Continue to build customer success, confirming capabilities and documenting need for and return on investment in digital quality management;
- △ Conclude global sales and marketing agreements with strategic Channel Partners to broaden reach and accelerate time-to-market for our services;
- △ Broaden the digital analysis: fixed and mobile; customer, member, subscriber, employee, contractor, partner, or supplier;
- △ Expand analytics service footprint into strategic global markets, led by customer demand;
- △ Increase relevance of digital quality analysis across the business, adding analytical capabilities for all business stakeholders;
- △ Work with media, analyst, and industry influencers to expand awareness of the Digital Supply Chain Management discipline and to introduce our digital quality analysis service as a key enabler;
- △ As our ability to succeed depends largely on our people, we will continue to invest in building and developing a world class team.



# [ Our Markets ]



The global digital economy is valued at many trillions of dollars. Businesses alone invest more than \$3 trillion in their digital estates annually. More than \$8 trillion in e-commerce sales are registered each year. Various consultancies have identified underperformance in IT investment, the tension and growing distance between technology and business leaders, and other attributes of misalignment between digital and business. One consultancy has estimated the impact of poor digital quality is as high as 9% of total revenue. By this estimate, improving quality in the global digital economy is worth several hundred billion dollars annually to industry.

During 2014 we have invested in building awareness within our target markets – those business or governmental entities for which digital quality is an imperative. Enterprises with significant investments in and revenue from digital products and services can be found in any industry segment. Common to leaders in each industry segment is the basic discipline of managing through measuring. Our approach to market is to identify those segment leaders and to reach them.

In addition, managed service providers, which are heavily invested in supplying network, application and infrastructure services to business markets, have shown keen interest in our capabilities for their own portfolios. Their interest includes providing the service to their customers, but their primary interest is better managing quality within their own digital product portfolios.

We will service the global business markets primarily through channel partnerships and through select direct customer relationships. Our customers are typically large businesses with well-established brands and with business leaders who are painfully aware of the challenges in managing today's digital business. These businesses and leaders are eager for an analytics service platform which facilitates a data-driven approach to improving digital business performance.

Providing digital performance quality management services to well-known global brands contributes to two important goals for Actual Experience. First, it helps to build our brand and our direct revenue. Second, it demonstrates to potential channel partners the interest and enthusiasm from business for our unique service offerings.

We intend to leverage our success in direct business sales into significant channel partner relationships which rapidly expand our revenue opportunity. Over the coming years, we expect channel partners to comprise a significant portion of our revenue as we leverage their direct customer relationships.

Parallel investment in understanding the digital quality experience of consumers has a positive impact on business opportunities and offers the Company an unparalleled view of digital performance quality. The continuous improvement of our technology and the extended market reach from global channel partners provides the Company with significant and compelling market potential. We believe the Company is well placed to establish long-term leadership in the business-critical market for digital quality management.

# [Our Offerings]

## Digital Supply Chain Management

Across industry, management of product and service quality is expected. From design through delivery, performance of both internal departments and external suppliers is scored in many ways to ascertain quality, cost, and risk. Subsequent to purchase or delivery and across product or service life cycle, additional data are gathered, and customer impressions collected with scientific rigour. Business leaders manage well by measuring well.



Lord Kelvin

The outside-in analysis of product or service quality across time is a fundamental practice of market leaders. The customer's voice is the ultimate arbiter of quality and this is known through a discipline of rigorous measurement and analysis. This business discipline has many names, but Supply Chain Management is one that drives global rankings at Gartner and other consultancies. This discipline is expressed through methodologies, such as Lean/Six Sigma, Kaizen, and Total Quality Management, among others.

Each of us knows this to be true. Apple is a paragon of consistent quality, as are Amazon and Walmart. If the tape on the delivery box is misplaced or warehouse pick rates are declining, management can take action. As consumers, we know what to expect and the brands deliver on their promise. Consistent quality of physical product and service is achieved because these brands score performance rigorously.

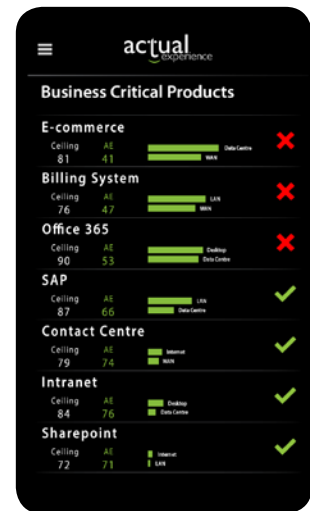
This management discipline is impossible in the digital business. Every person interacting with the digital brand has an expectation of unpredictable digital performance. Whether customer or member, staff or contractor, partner or supplier, performance of digital product and service lacks consistent quality.

Whether watching a video at home or using a business-critical application at work, we all experience inconsistent digital service behaviour. Sometimes it works well, sometimes it works poorly. Businesses, in general, and business leaders, in particular, do care about this dilemma. There simply is not the discipline of managing performance contribution from internal and external suppliers relative to the quality of digital products and services consumed. The measurements to manage digital performance analysis are not available to the business.

A common proxy for scoring digital services delivered to customers and staff is the quantity of trouble tickets raised. With data from leading market research firms indicating that most users of digital services do not submit trouble tickets irrespective of experience, this is a poor and highly subjective measure of performance quality. Without actually tracking real behaviour, analysis of digital performance quality from the outside-in is neither possible nor, in many jurisdictions, legal.

The assembly of digital product and service is done upon command, with critical components of the end-to-end chain of digital suppliers outside of measurement scope. Internal suppliers, from server and application to network and operations, control less and less. Distributed workforces with smart mobile devices using cloud services are fracturing the current practices of service management. Best practice for scoring quality of digital product and service from the outside-in is social media. A tweet, however loud a voice it may appear to have, does not replicate the rigour and discipline of performance quality analysis for physical products and services.

Perhaps the most significant distinction between physical and digital supply chain management is time. Physical product and service supply chains have predictable composition built on timelines and activities that are subject to contractual agreements. The



Digital Quality Dashboard on iPhone app



Digital Supply Chain Management view



Digital Quality Dashboard over time

product or service has an observable lifecycle measured in days to years. Digital product and service supply chains comprise vendors and delivery paths well outside the control or contract of a business. The digital service or service lifecycle is measured in seconds to minutes with much of it beyond observation by the business. When repeated for a similar customer in another jurisdiction, or even for the same customer in the same location, it will be an entirely new digital product or service instance. Effectively, this represents a new impression of brand performance. Digital quality can only be measured in real time, all the time, and over time.

Today, the digital economy is larger than all but the top 15 national economies. Two-thirds of humanity have yet to access the digital world. Collectively, business spends more than the GDP of Germany every year on digital products and services. It is well past time for management practices for the digital domain to match those developed over many years in the physical economy. Business leaders should manage digital product and service performance quality as they do for physical product and service. There is a clear and compelling business need for an external voice as the ultimate arbiter of digital quality, and to know this through a discipline of rigorous data collection and analysis.

Industry at large needs to adopt the discipline of Digital Supply Chain Management. Market leaders must measure digital performance well to manage digital quality well.

Actual Experience uniquely enables businesses to continuously analyse digital business performance across time, to understand supply chain behaviours impacting digital product and service quality from any perspective, to index the cost of and return on digital quality investment, and to manage digital business risk.

We do so from the only perspective that really matters – customer, member, subscriber, employee, contractor, partner, or supplier. We do so with rigorous measurement analysis based on years of postdoctoral research and software development. We do so without intruding on digital privacy, as no human activity is ever known. We provide a platform for leaders to manage the digital business with plain language and straightforward metrics.

## Case Study: Charles Stanley

### The Customer

Charles Stanley & Co. Limited is one of the leading investment management companies in the UK, dedicated to serving the private investor. In addition, it acts for many national charities, trusts, professional institutes and major financial institutions. But its principal business remains as it was a century and more ago, the provision of a traditional, high-quality service to the discerning private investor.

### The Challenge

The initial problem was focused on the SharePoint service, which is critical for a number of internal services, from phonebook to workflow processes. The problem had been ongoing for a period of six months prior to instrumenting with Actual Experience's Digital Supply Chain Director (DSCD). Multiple vertical teams, including data centre, network, application, and server, would meet frequently to seek fault for poor service. No data from myriad technical tools could pinpoint the problem, yet trouble tickets and personal experiences consistently indicated poor performance. Without objective data to drive discussions, teams were left with subjective arguments and self-defence postures.

### What We Did

Actual Experience instrumented a few locations at the headquarters site to measure Voice of the Customer (VoC) for the SharePoint service. The DSCD is capable of calculating VoC against discrete components of any digital service. Targeting the web front-end of the application server, the database server, and exercising content delivery from the SharePoint application, the DSCD decomposed the elements of the digital supply chain.

### The Result

The DSCD correlated VoC against each target, identifying no problems with the web server, database server, or network. The SharePoint application was identified as the source of service misbehaviour. Possessing objective data which indicated the SharePoint application as the cause, other teams were disbanded and the application team focused on the DSCD results. Further testing identified the application database as becoming oversized, a remediation plan was enacted, and service performance quality improved markedly.

Based on the service triage results, the scope of the DSCD was expanded to all branch locations and extended throughout headquarters to include all business-critical applications. Voice of the Customer is now central to the operational culture, with the DSCD deployed as a key tool to manage the digital business of Charles Stanley.

### Summary

Actual Experience yielded accurate cause analysis in days, whereas traditional tools and expertise were unable to identify cause or recommend solutions over the course of many months. Traditional IT domain tools, which offer depth of systems information, continue to benefit from the automatic, continuous, real-time user-driven digital service quality triage. Dashboards of digital performance quality afford a leadership discussion on return from IT investment. Voice of the Customer is a central management metric for the business of the digital business.



Read more online at [www.actual-experience.com/dscm](http://www.actual-experience.com/dscm)



# [Our Offerings]

## Digital Supply Chain Director Service Description

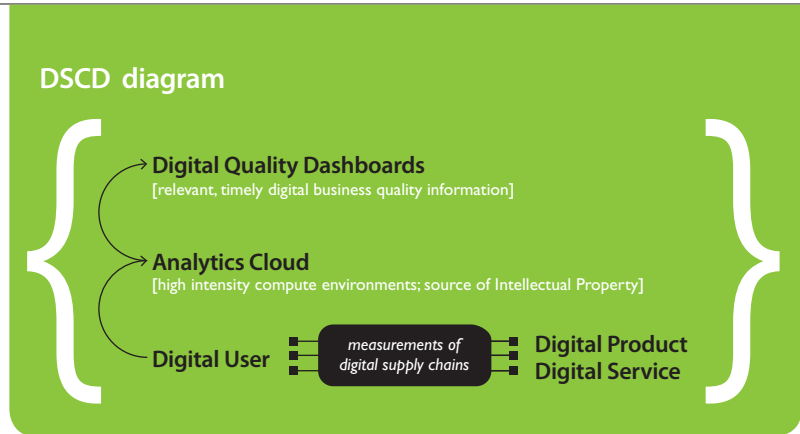
The digital quality analysis service offered by the Company is called Digital Supply Chain Director. It is comprised of four primary components.

**Digital Quality Dashboards** provide timely, relevant digital quality analysis via a web browser interface and, commencing later in 2015, via smartphone and tablet apps. The dashboards of digital quality are used by organizational leaders and staff to manage the digital business.

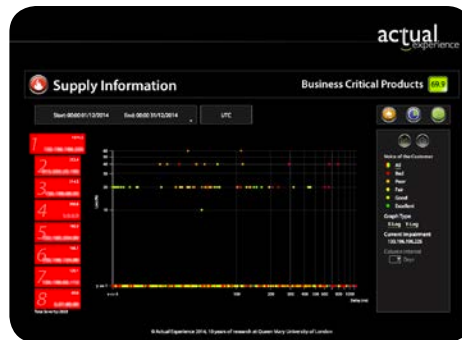
These views are created through processing of measurement data in the **Analytics Cloud**, which is a very high intensity data compute environment. The digital quality analysis in the Analytics Cloud represents the core intellectual property of the Company.

The measurement data is generated by a **Digital User**, which resides on servers, computers, and, commencing later in 2015, smartphones and tablets. The Digital User never monitors any human activity. Rather, the Digital User conducts measurements against the digital products and services, as defined by the customer. The measurements are very lightweight and are taken in real time, continuously, and automatically. A single Digital User can record measurements against multiple digital products and services concurrently, producing a distinct set of measurement data for each.

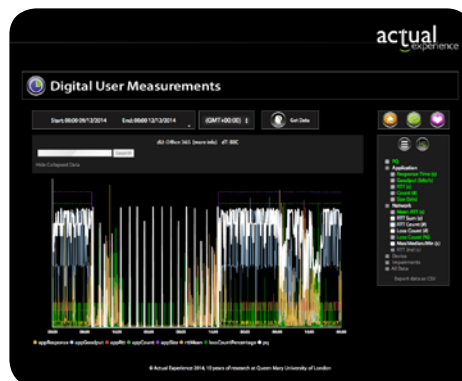
Each set of measurements analysed over the course of a calendar month constitutes a single **Analytic**, which is the billable unit of the Digital Supply Chain Director service.



Digital Quality Dashboard high level view



Digital Supply Chain triage view



Digital Supply Chain quality view

The customer engagement model is geared to start easily and simply and scale as the customer expands its digital quality management efforts. As in the world of physical products and services, this is a journey of continuous business improvement. Accordingly, our customer engagements begin small, focused on improving quality in one or two important or problematic digital products or services. The analysis generated by the service quickly becomes a primary digital business quality tool, increasing the number of digital products and services in scope.



Digital Quality Dashboard high level view on iPhone

Here are two customer examples. In the first example, the Company is engaged with a customer having operations distributed across 20 business locations, with a business-critical service being analysed. The engagement model calls for Digital Users to be deployed to each location, plus two data centres where the application resides. In this example, that equals 22 Digital Users deployed. Initially, each Digital User takes measurements against the digital service, which resides in outsourced data centres. The digital service requires three distinct measurements from each Digital User to properly analyse performance quality. That is 22 Digital Users times 3, or 66 Analytics per month.

In the second example, the Company is engaged with a channel partner, which serves a large, multinational customer with 600 locations, two data centres, and hundreds of business-critical digital products and services. To properly cover all user types and location configurations, nearly 4,700 Digital Users would be deployed, with each one measuring digital quality against multiple digital products. At full deployment, the business customer would generate more than 12,000 Analytics per month.

Each Analytic is a recurring billable item. As a customer expands its digital quality management focus, each of the components might expand, through additional Digital User deployments and/or digital products or services analysed. In this way, the opportunity with each customer can begin in small, meaningful ways and expand as digital quality management takes root as a discipline within the business customer. As the business customer expands its digital quality management discipline, so does the Company's revenue opportunity.

## Case Study: Airline

### The Customer

Our channel partner, a Global Tier 1 Managed Service Provider (MSP) has many significant clients. One is an airline (Airline) with mainly US operations.

### The Challenge

Airline employs Citrix across its airport locations, connecting to a Citrix server farm at MSP data centres to access applications from email to core flight tracking. For an application to perform well, the Citrix connection and the data centre connections must each perform well.

MSP has weekly performance quality reviews and needed objective data to drive business decisions. In addition, MSP was considering migrating airport connectivity to 4G wireless from wired connections.

### What We Did

Actual Experience deployed its Digital Supply Chain Director (DSCD) to airport locations and within the data centre to quantify the Voice of the Customer (VoC). Different VoC thresholds were established for each airport location, with event alerts triggered for any impacts to staff productivity. VoC analysis allowed MSP to compare the impact on service quality of a trial period of 4G connectivity and thus to validate migrating to wireless connectivity.

### The Result

Based on the digital supply chain analysis, MSP established VoC metrics for service performance quality for each location of one of its largest clients. Persistent quality issues were triaged and passed to the appropriate MSP team for resolution, reducing wasted hours and days identifying impairment cause. A routing change that took the data centres offline was only noticed by the DSCD, enabling MSP to restore service with minimal interruption. Digital Quality Dashboards are purposed for different audiences within the client: airline executive, service management, and operations groups, enabling common management metrics. Based on service performance quality, 4G wireless connectivity was identified as a network access technology option with no quality impact.

### Summary

Actual Experience provided digital quality analysis and service triage for one of MSP's largest clients, as well as an objective digital quality baseline for service transformations that alter the digital supply chain, reducing cost, while leaving service quality unchanged.



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# [Our Offerings]

## BbFix

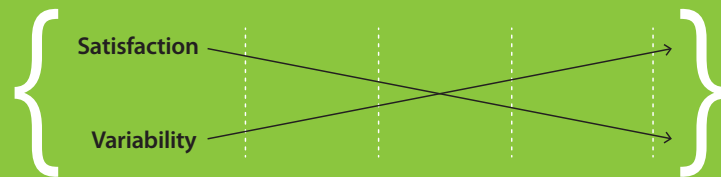
### The Consumer Broadband Quality project

The goal of the Company's co-founders, Dave Page and Professor Pitts, is to make the digital world work consistently for everyone everywhere. Whilst our focus is on the core Enterprise opportunity, consumer broadband quality is important for: home-based or mobile Enterprise staff; consumers of Enterprise digital products and services and governments emphasizing digital quality. Moreover, the digital quality data collected is highly valuable to our Enterprise customers. We intend to continue to offer BbFix in the UK and to expand it to the North American and European markets in the coming years.

The importance of Actual Experience's digital quality analysis to government has recently been highlighted by the UK telecoms regulator, Ofcom, in its December 2014 Infrastructure Report. Although the findings indicate broadband penetration has increased, it notes that, for connections in excess of 10 megabits per second, connection speed is not a good indicator of satisfaction. That is, there are a number of other contributors to the consumer digital experience, and focusing on speed alone is insufficient to address the problem.

The findings of the Ofcom report are unequivocal: high speed does not equal digital quality. Similar to the experience of some of our enterprise customers, realizing the importance of factors beyond connection speed can be quite surprising. The science, though, is undeniable. Governments have substantial numbers of employees who work remotely, reinforcing the message of digital quality as important to itself. In addition, many governments have mandates for digital interaction with constituents, often as the default interaction. Performance data describing the experience of digital quality can have impact across government. Our BbFix project and the findings revealed in Ofcom's Triennial Infrastructure Report have opened a number of communication channels with local and national governments. We intend to develop these opportunities with governments and agencies as they arise, and to pursue new ones in select markets.

## Quality Always Matters



“Line speeds provide only a partial picture of broadband quality of experience . . . Factors such as these, in the wider parts of the end-to-end broadband chain, are becoming more significant with the wider roll-out of higher-speed NGA technologies. This is because they are making the last mile access network connections a less significant constraint, putting greater emphasis on other potential bottlenecks in the delivery chain.”

### Ofcom Report

The quality of consumer connectivity is also an Enterprise concern. The global digital economy is worth more than \$8 trillion, so the quality of interaction with digital products and services is a key concern right across the leadership of business. Each consumer participating in the BbFix project produces digital quality measurements for those targets directed by Actual Experience. Since measurements can be made to multiple services and websites concurrently, the ability to tune consumer measurements to ascertain quality of our customers' digital products and services is a key advantage for the Company.

### Ofcom report

The following is an excerpt from Ofcom's triennial state-of-the-nation report.

“1.30 New evidence on drivers of broadband quality of experience . . . This report includes new analysis on the broadband quality of experience and its link to broadband speed. This suggests that for broadband speeds

above 10Mbit/s, there are a variety of factors beyond speed which can have a greater effect on the consumer experience.”

“1.56 It is important for policy to consider all drivers of quality of experience. When considering these challenges across all three stages of infrastructure policy, it is increasingly important to consider a range of factors beyond just speeds. Our analysis of broadband quality of experience suggests that broadband performance is influenced by a much wider set of issues than simply the speed of the access network. We will continue to support the development of new measurement approaches that better reflect the broadband consumer experience and the range of issues that affect it.”





# [ Financial Review ]

## Trading results

Revenue recognised in the year was £567,469 (14 months to 30 September 2013: £444,571) arising from the supply of analytical services and associated consultancy activities to customers.

Administrative expenses comprising R&D, administration and sales costs, and omitting AIM flotation costs, totalled £1,465,541, an increase of £457,547 compared to the 14 month period ended 30 September 2013. In addition to the higher ongoing costs arising from the Company's listing on AIM, this increase reflects the continued investment made by the Company in technology development and customer facing teams. In addition to this, one-off AIM flotation expenses amounting to £450,488 were incurred.

The tax credits recognised in the current and previous financial periods primarily arose from the receipt of R&D tax credits.

Losses after tax for the year ended 30 September 2014 totalled £1,306,213 versus £717,210 for the 14 month period ended 30 September 2013. These losses are primarily generated by employee costs and related expenses, and also AIM flotation expenses.

The loss per share for the year was 4.74p (14 months to 30 September 2013: loss of 3.63p). Earnings per share have been impacted by the increases in operating costs and the issue of new shares during the year.

## Statement of financial position

Actual Experience is investing in the growth of its operations to address what it believes to be a significant commercial opportunity and its cash flow from operations was therefore negative during the year ended 30 September 2014. The Company's costs are mostly operating related, with very little investment required in capital infrastructure. Cash used by operating activities was £1,359,507 for the year, compared to £558,839 for the 14 month period ended 30 September 2013. This operating cash requirement was substantially funded by the proceeds arising from the issue of share capital amounting to £4,072,356 in November 2013. The Company ended the year with cash and cash equivalent assets totalling £2,942,805.

The Company has historically charged development costs to the income statement as incurred, as it did not meet the criteria for capitalisation under IAS 38. With effect from the completion of the November 2013 funding round the Directors believe that the capitalisation criteria have been met and accordingly costs, net of amortisation charges, of £186,354 have been capitalised as at 30 September 2014.

## Accounting policies

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards. The Company's significant accounting policies have been applied consistently throughout the year and are described on pages 31 to 35.

## Principal risks and uncertainties

The principal risks and uncertainties facing the Company are set out on pages 14 to 15.

## Key performance indicators

As the Company is in the process of development and commercialisation of its services, the Directors consider the key quantitative performance indicators to be sales revenues of £567,469 (14 months ended 30 September 2013: £444,571) and the level of cash and cash equivalents held in the business of £2,942,805 (2013: £326,534). The Board performs regular reviews of actual results against budget, and monitors cash balances on a monthly basis to ensure that the business has sufficient resources to enact its current strategy. Certain non-financial measures, such as the number of deployed digital users, are monitored on a monthly basis. The Board will continue to review the KPIs used to assess the business as it grows.

## Environmental matters

As far as the Directors are aware the Company's business does not cause an adverse impact on the environment.

## Human rights policy

Actual Experience has adopted a formal equal opportunities policy which is contained in its employee handbook. The aim of the policy is to ensure that there is no discrimination against any employee or job applicant either directly or indirectly on the grounds of race, sex, disability, sexual orientation, marriage or civil partnership, pregnancy or maternity, religion or belief, or age.

## Employees

As at 30 September 2014 the Company employed 23 people in two locations, of which 20 were male and three were female. As at the date of this document all of the seven senior members of management were male.

## Directors

Details of the Directors who served during the year ending 30 September 2014 are noted in the Remuneration Report. All six of the Directors serving on the Board at the year end were male.

On behalf of the Board

### Steve Bennetts

Chief Financial Officer  
20 January 2015

# [ Managing Risks ]

The Board is responsible for the Company's system of risk management and internal control. Strong and effective risk management is central to how the Directors run the business and supports the achievement of the Company's strategic objectives. It establishes the level of risk which can be taken by the executive management without further specific Board approval. This is managed through delegated authorities, terms of reference and company policies.

The key challenges, risks and uncertainties facing the Company arise from the early stage of the Company's maturity, the anticipated rapid growth in its operations and the rapidly changing nature of associated technologies such as mobile telephony and cloud computing. Like any business, Actual Experience is exposed to risk as an inherent part of creating value for its shareholders. The Board believes that ongoing consideration and regular updates to the risk management framework enables the effective balancing of risk and reward.

The following is a description of those principal risks which could impact on the Company's ability to achieve its strategic goals.

## Operational risks

### Technological change and competition

Our revenue and profitability are affected by the extent to which there is increasing demand for, and development by our competitors of, additional products and product features. For example, the increased adoption and sophistication of mobile telephones in a business context requires us to introduce digital users that can operate with the iOS and Android operating systems. In addition, customers are increasingly seeking to consume the analytics data from a mobile device. We are making significant investments in new product development to address these trends, and there can be no guarantee that we will be able to generate sufficient revenue to offset the associated development costs. There are also risks relating to difficulties and delays in the development process of new products, and their acceptance by customers. If a future competitor successfully launches new products or features, which we are unable to match, then we could lose market share with a corresponding impact on our results of operations.

#### **Mitigation: Product innovation**

We have an ongoing programme, both internal and with our commercial partners, to constantly identify evolving customer needs and potential competitor advances. The resulting feedback informs our new product development priorities and helps to ensure that the Company maintains its technology leadership in the evolving digital supply chain management sector. We focus our development efforts on features that meet an identified market requirement and are likely to generate sufficient revenue to fund their development. We have established internal processes for prioritising and reviewing our development projects.

### Managing rapid growth

The future rapid growth of our business to meet the anticipated increase in demand may place a significant strain on our management, operational and financial resources. If we are unable to address this growth in a timely and profitable manner, as a result of not being able to recruit skilled employees or effectively scale our operations then this could have a material adverse effect on our financial position.

#### **Mitigation: Investing in operational excellence**

The Board and management are continually reviewing and enhancing our internal controls and processes and hiring additional skilled employees in critical areas of the business.

### Revenue model

The business is still at an early stage of development and the financial performance of the Company continues to be dependent on the development of the revenue model and the continued acceptance of its analytics pricing structure.

#### **Mitigation: Investing in sales management**

The Company has recently invested in a leading CRM system and sales prospects, orders and revenue are reviewed and analysed on a daily basis by sales management, with detailed monthly summaries prepared for the Board. The Company regularly monitors its pricing and sales commission plans, and discounts are approved by senior management prior to tendering.

### Dependence on key executives and personnel and retention of new talent

The Company's future success is dependent on its senior management and key technical personnel. Whilst much of the Company's proprietary know-how is documented, senior managers and members of the technical team each contribute valuable skills and know-how to the business and, despite contractual confidentiality agreements in favour of the Company, there can be no guarantee that those individuals will not join competitors or establish themselves in competition with the Company in the future. Failure to retain the services of any of these people may adversely affect the Company's ability to achieve its commercial objectives. In addition, the Company is expanding rapidly and intends to recruit new employees in the UK and other countries. It is essential that the Company is able to attract staff of a high calibre to drive its future success.

#### **Mitigation: Strengthening the human resources function**

The Company has retained the services of an experienced human resources consultant to optimise its recruitment activities, improve employee communications, and ensure that the Company continues to be compliant with employment legislation and good practice. The Company also believes that share-based compensation has proven to be an important component of attracting, retaining and motivating key talent and will continue to issue share options in accordance with its policy in this area.

## Operational risks

### Information security

The Company regards information within the business as a key asset and recognises the risk and impact on the business of breaches to the integrity of information relating to the business.

**Mitigation: Effective protection of information security and integrity**

The Company has in place systems and processes for the classification and control of access to information within a number of areas of the business, and the security around access to Company information has been strengthened by the enforcement of enhanced security processes and practices. The level of monitoring performed of the production cloud infrastructure is reviewed regularly to identify any areas for improvement and the Company is vigilant to security vulnerability announcements in the industry to ensure that any protective action is taken as soon as practicable. Information integrity is protected by regular offsite backups, and a Disaster Recovery Plan is in place to ensure continued operations in the event of a disaster.

## Financial risks

The Company's financial instruments comprise cash and term deposits, as well as various items that arise directly from its operations, such as trade receivables and trade payables. The main purpose of these financial instruments is to fund the Company's operations. The principal financial risks faced by the Company are liquidity, foreign currency, interest rate, and credit risks.

### Liquidity risk

The primary liquidity risk facing the Company is the sufficiency of working capital until profitable trading is established. The Board regularly reviews detailed business plans, including cash flow projections, to ensure the adequacy of working capital at all times. The Company does not have any borrowings or material financial obligations.

### Foreign currency risk

Transactional foreign currency exposure arises from the sale of services to non-UK based customers. This exposure primarily relates to movements in sterling against the US dollar and euro. Management is of the opinion that the Company's exposure to foreign currency risk is currently small and therefore has not used derivatives to hedge translation exposure. All gains and losses are recognised in the Income Statement and Statement of Comprehensive Income on translation at the reporting date.

### Interest rate risk

The Company's funds are invested in a combination of a low risk instant access current account and term deposit accounts in order to earn a competitive rate of interest. Where term deposit accounts are utilised, care is taken to ensure that cash can be accessed in accordance with the Company's expected requirements. The Company's funds are deposited with Royal Bank of Scotland.

### Credit risk

Apart from cash, Actual Experience's principal financial assets are trade and other receivables. The Company has no significant concentration of credit risk and the maximum exposure to credit risk is that shown in the Statement of Financial Position. All amounts are short-term and management considers the amounts to be of good credit quality.



# [ Board of Directors ]



**Stephen Davidson**  
Non-executive  
Chairman

Committee memberships:  
Chairman of the Nominations  
Committee and member of  
the Remuneration Committee

Stephen is currently non-executive chairman of JSE and AIM-listed Datatec Limited and non-executive director of Inmarsat plc, Restore plc and Jaywing plc. He has recently been chief executive of Mecom Group plc, where he was previously non-executive chairman. In his earlier career, Stephen was CFO, then CEO, of Telewest Communications plc and vice chairman of investing banking at WestLB Panmure. He joined the Board in February 2014.



**Dave Page**  
Chief Executive Officer

Committee membership:  
Member of the Nominations  
Committee

Dave has diverse commercial and technical IT experience. For the last 18 years, he has advised on multinational corporate business systems, with roles in enterprise, outsourcing, software and hardware companies. Dave was the founding member of the management team at Nexagent, a venture funded software business acquired by EDS in 2008. In 1998, Dave established and led the consulting team for the \$1 billion European Service Provider line of business at Cisco. Before this, Dave worked at IBM Global Services, BT Global Services and NatWest on numerous aspects of corporate IT infrastructure.



**Steve Bennetts**  
Chief Financial Officer  
and Company Secretary

Steve joined Actual Experience in October 2013. He qualified as a Chartered Accountant with Ernst & Young and subsequently has spent most of his career in the technology sector. Initially, Steve worked as EMEA Finance Director at several Nasdaq quoted companies, such as Avid Technologies and Pyramid Technologies, where he gained valuable international experience as well as leading accounting, HR, legal and administrative functions. This period included leadership of the team put in place to establish Amazon's European operations, including managing the early hyper-growth in the UK and Germany. Subsequently, Steve has worked at VC funded UK based technology companies, such as Nexagent Limited and Tribold Limited. A highlight of this period included the trade sale of Content Technologies for approximately \$1 billion.



### Sir Bryan Carsberg

**Non-executive Director**

Committee memberships:  
Chairman of the Audit Committee and member of the Remuneration Committee

The former Director General of OFT and Oftel, Sir Bryan Carsberg joined the Actual Experience Board as a Non-executive Director in July 2014. Sir Bryan brings vast experience of the communications industry. He was instrumental in introducing competition regulation in the telecoms industry, has held board positions with Cable & Wireless, Inmarsat plc, RM plc and was expert adviser to the Joint Parliamentary Committee to undertake pre-legislative scrutiny of the proposed new Communications bill. His expertise is particularly valuable in Actual Experience's ongoing work in improving the digital quality of the internet and project work with Ofcom.



### Dr Mark Reilly

**Non-executive Director**

Committee memberships:  
Chairman of the Remuneration Committee and member of the Nominations and Audit Committees

Mark leads the Technology Division at IP Group plc, one of the UK's leading university intellectual property commercialisation specialists and an investor in Actual Experience. He has led investments in, and played a key role in the growth of, numerous high-tech companies, including successful IP Group exits such as mobile software company Overlay Media (sold to inMobi in 2012) and wind turbine power electronics pioneer Amantys. Prior to joining IP Group, Mark was the founder and Managing Director of Remarkable Innovation, a Singapore-based technical due diligence company. He spent his early career in the ICT sector, working with a range of organisations from blue-chip multinationals and NGOs to early stage start-ups. Mark holds a PhD in Engineering from Cambridge University.



### Robin Young

**Non-executive Director**

Committee memberships:  
Member of the Nominations and Audit Committees

Robin joined the Board as a Non-executive Director in September 2014. He has extensive CIO, COO, technology and operations experience, serving at blue-chip public companies including Mitchells & Butlers, GlaxoSmithKline, Procter & Gamble and Ford Motor Company. He also brings considerable City knowledge and expertise having spent almost a decade with HBOS and Citigroup.

# [ Corporate Governance ]

## Corporate governance

As an AIM listed company Actual Experience is not required to comply with the UK Corporate Governance Code (the "Code") and does not voluntarily apply the full requirements of the Code. However, our governance arrangements do meet many of the requirements of the Code which the Directors deem most relevant to the Company and best practice having consideration to the size, nature and scope of the Company's activities.

The statement set out below describes how the Company applies certain principles identified in the Code. In addition, the Company seeks to follow the recommendations of the Quoted Companies Alliance in relation to the corporate governance of companies on AIM.

## Board composition

The Board currently comprises the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and three Non-executive Directors.

The Non-executive Chairman and the Non-executive Directors are all considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, subject to the following: Dr Mark Reilly is an employee of the Company's largest shareholder, IP Group.

All new Directors receive an induction programme which is designed to develop their knowledge and understanding

of the Company's technology, operations and culture. Non-executive Directors have regular opportunity to meet with senior managers and other employees to enhance their knowledge and familiarity of the Company.

## Board operation

The roles of the Chairman and the Chief Executive Officer are separate, clearly defined and their respective responsibilities are summarised below.

**Chairman:** the Chairman provides leadership to the Board. He is responsible for setting the agenda for Board meetings, ensuring that the Directors receive the information that they need to properly participate in Board meetings in a timely fashion, and that the Board has sufficient time to discuss issues on the agenda, especially those relating to strategy and governance.

**Chief Executive Officer:** the Chief Executive Officer is responsible for leadership of the Actual Experience management and its employees on a day-to-day basis. In conjunction with senior management he is responsible for the execution of strategy approved by the Board and the implementation of Board decisions.

The Board is collectively responsible for the long-term success of the Company. The Board provides leadership for Actual Experience within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board considers the management team's strategic proposals and, following a rigorous review,

determines the Company's strategy and ensures that the necessary resources are in place for the management team to execute that strategy.

The Board has a schedule of matters reserved for its approval which includes strategy, acquisition and disposal of subsidiaries or intellectual property, annual budgets and progress to the achievement of those budgets, reviews of any significant risks facing the Company, receiving reports on the views of Company shareholders, consideration of major capital projects and significant financing matters.

## Internal control

The Board is responsible for maintaining a sound system of internal financial and operational control and the ongoing review of their effectiveness. The Board's measures are designed to manage, not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss. Whilst the Company, as a small AIM listed company, is not required to comply with the full provisions of the "Internal Control Guidance for Directors on the Combined Code" (The Turnbull Report), the Board considers that the internal controls do meet many of those requirements and are adequate given the size of the Company.

Some key features of the internal control system are:

- i. Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board who meet at least five times per year;
- ii. The Company has operational, accounting and employment policies in place;
- iii. The Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks;
- iv. There is a clearly defined organisational structure; and
- v. There are well-established financial reporting and control systems.

## Whistleblowing policy

The Board has adopted a whistleblowing policy. The aim of the policy is to encourage all employees regardless of seniority to bring matters which cause them concern to the attention of the Non-executive Directors.

By order of the Board

**Steve Bennetts**  
Company Secretary  
20 January 2015

# [ Remuneration Report ]

## Remuneration Committee

The Remuneration Committee's primary responsibility is to determine the broad policy and framework for the remuneration and the terms and conditions of service for the Executive Directors and also that of senior management (including the remuneration of and grant of options to such persons under any share scheme adopted by the Company). Dr Mark Reilly chairs the Remuneration Committee and its other members are Stephen Davidson and Sir Bryan Carsberg. The committee meets no less than twice in each financial year.

## Remuneration Policy

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

The main elements of the remuneration packages for Executive Directors and senior management are:

### Basic annual salary

The base salary is reviewed annually from the beginning of each calendar year. The review process is undertaken by the Remuneration Committee and takes into account several factors, including the current position and development of the Company, individual contribution and market salaries for comparable organisations.

### Discretionary annual bonus arrangements

All Executive Directors and senior managers are eligible for a discretionary annual bonus which is paid in accordance with a bonus scheme developed by the Remuneration Committee. This takes into account individual contribution, business performance and commercial progress, along with financial results.

### Share incentive schemes

The Company operates share option plans, under which certain Directors and senior management have been granted options to subscribe for ordinary shares. All options are equity settled. The options are subject to service conditions, have an exercise price of between 9.09 pence and 186.50 pence and the remaining vesting period is up to four years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

## Remuneration Policy for Non-executive Directors

Non-executive Directors are employed on letters of appointment which have a fixed term of three years and which may be terminated at any time by either party with three months' notice.

Remuneration for Non-executive Directors is set by the Chairman and the Executive Members of the Board. Non-executive Directors do not participate in bonus schemes. Stephen Davidson and Sir Bryan Carsberg have each been awarded share options, as set out below.

## Directors' remuneration

The remuneration of the Board Directors of Actual Experience plc who served from their appointment to 30 September 2014 was:

	Salary and fees £	Bonus £	Total Year ended 30 September 2014 £	Total 14 months ended 30 September 2013 £
Stephen Davidson <sup>1,2</sup>	23,190	–	23,190	–
Dave Page	119,250	–	119,250	116,667
Steve Bennetts <sup>1,2</sup>	66,666	7,000	73,666	–
Sir Bryan Carsberg <sup>1,3</sup>	5,742	–	5,742	–
Dr Mark Reilly <sup>4</sup>	18,012	–	18,012	–
Robin Young <sup>5</sup>	–	–	–	–
Professor Jonathan Pitts <sup>6</sup>	24,469	–	24,469	5,625
Nigel Mitchell <sup>7</sup>	29,242	–	29,242	–



# [ Remuneration Report ]

	Salary and fees £	Bonus £	Total Year ended 30 September 2014 £	Total 14 months ended 30 September 2013 £
Dr Adam Daykin <sup>6</sup>	-	-	-	-
IP2IPO Services Limited <sup>6</sup>	-	-	-	-
<b>Total</b>	<b>286,571</b>	<b>7,000</b>	<b>293,571</b>	122,292

<sup>1</sup> In addition, certain Directors hold employee share scheme interests in the Company. Fair value share based payment charges recognised in the Income Statement attributable to these Directors are: Stephen Davidson £2,986 (2013: £nil), Steve Bennetts £9,469 (2013: £nil) and Sir Bryan Carsberg £2,986 (2013: £nil).

<sup>2</sup> Stephen Davidson and Steve Bennetts were appointed to the Board on 11 February 2014.

<sup>3</sup> Sir Bryan Carsberg was appointed to the Board on 8 July 2014.

<sup>4</sup> Dr Mark Reilly was appointed to the Board on 11 February 2014. His fees are charged to the Company by IP2IPO Limited who provided the services of Dr Reilly to Actual Experience plc.

<sup>5</sup> Robin Young was appointed to the Board on 1 September 2014.

<sup>6</sup> Professor Jonathan Pitts, Dr Adam Daykin and IP2IPO Services Limited resigned from the Board on 11 February 2014.

<sup>7</sup> Nigel Mitchell resigned from the Board on 30 September 2014.

## Directors' shareholdings

The interests of the directors holding office at 30 September 2014 in the shares of the Company, including family interests, were:

	Ordinary shares of 0.2p each	
	2014 Number	2014 %
Stephen Davidson	20,000	0.07
Dave Page	2,025,000	7.02
Steve Bennetts	175,500	0.61
Sir Bryan Carsberg	-	-
Dr Mark Reilly	85,500	0.30
Robin Young	-	-

## Directors' interests in share options

Directors' interests in share options, granted under either the Actual Experience plc Enterprise Management Incentive Share Option Scheme or the Actual Experience plc Unapproved Share Option Scheme, to acquire ordinary shares of 0.2 pence each in the Company at 30 September 2014 were:

	At 1 October 2013	Granted during year	At 30 September 2014	Exercise price	Vesting Dates
Steve Bennetts	-	227,250	227,250	14.25 pence	2014 – 2017
Steve Bennetts	-	22,500	22,500	54.50 pence	2014 – 2017
Stephen Davidson	-	70,000	70,000	186.50 pence	2015 – 2017
Sir Bryan Carsberg	-	70,000	70,000	186.50 pence	2015 – 2017

Share options are subject to employment conditions and vest in equal annual instalments over the vesting period.

Other transactions that occurred with Directors during the year are detailed in note 22 to the financial statements under Related Party Transactions.

### Dr Mark Reilly

Chairman of the Remuneration Committee  
20 January 2015

# [ Report of the Directors ]

The Directors are pleased to present their annual report to shareholders and the audited financial statements for the year ended 30 September 2014.

## Change of name

The Company passed a special resolution on 11 February 2014 to re-register as a public limited company and consequently changed its name to Actual Experience plc.

## Share capital and funding

The Company's ordinary shares are listed on the AIM market of the London Stock Exchange (LSE:ACT). Details of the Company's issued share capital and the movements during the year are given in note 18 to the financial statements.

## Results and dividends

The results for the year ended 30 September 2014 are set out in the Income Statement and Statement of Comprehensive Income.

The Directors do not propose payment of a dividend for the year ended 30 September 2014.

## Review of the year

A comprehensive analysis of the Company's progress and development is set out in the Chairman's Statement, the CEO's Report, and the Financial Review. This analysis includes comments on the position of the Company at the end of the financial year, an indication of likely future developments in the business of the Company and details of the Company's activities in the field of research and development.

## Directors and their interests

The following Directors held office during the year and up to the approval date of the financial statements:

<b>Stephen Davidson</b>	appointed 11 February 2014	<b>Robin Young</b>	appointed 1 September 2014
<b>Dave Page</b>		<b>Nigel Mitchell</b>	resigned 30 September 2014
<b>Steve Bennetts</b>	appointed 11 February 2014	<b>Professor Jonathan Pitts</b>	resigned 11 February 2014
<b>Sir Bryan Carsberg</b>	appointed 8 July 2014	<b>Dr Adam Daykin</b>	resigned 11 February 2014
<b>Dr Mark Reilly</b>	appointed 11 February 2014	<b>IP2IPO Services Limited</b>	resigned 11 February 2014

Directors' interests in the shares of the Company, including family interests, are included in the Remuneration Report.

## Directors' indemnity insurance

The Company has maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Company.

## Substantial shareholders

As at 31 December 2014, shareholders holding more than 3% of the share capital of Actual Experience plc were as follows:

Name of shareholder	Number of shares	% of voting rights
IP2IPO Limited	8,553,750	29.65
Mr Michael Edge	3,195,000	11.08
Vidacos Nominees Ltd*	3,027,000	10.49
Queen Mary, University of London	2,610,000	9.05
Mr Dave Page	2,025,000	7.02
Professor Jonathan Pitts	2,025,000	7.02
Goldman Sachs Securities (Nominees) Ltd*	1,533,750	5.32
Mr Rob Giles	1,216,500	4.22

\* Ordinary Shares held in the names of Vidacos Nominees Ltd and Goldman Sachs Securities (Nominees) Ltd are beneficially owned by funds managed by Henderson and its affiliates.

# [ Report of the Directors ]

## Employment policies

The Company is committed to providing equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination. Full support is given to the employment and advancement of disabled persons.

Employees are kept as fully informed as possible with regard to the Company's performance and prospects and their views are sought, wherever possible, on matters which affect them as employees.

## Statement as to disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Financial risks

The Company's financial instruments comprise cash and short term deposits, as well as various items that arise from its operations. The Company's financial risk management objectives and policies are set out in note 3 to the financial statements.

## Going concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

At 30 September 2014, the Company had a cash and cash equivalents position of £2,942,805, with no bank debt. The Directors have prepared detailed monthly projections of future cash flows for the remainder of the financial year to September 2015 and the subsequent financial year, 2016. The base case forecast includes expected revenue growth, together with further investment in the cost base, leading to the commencement of positive monthly cash flows during the latter part of the period.

Because of the Company's early stage of development there is uncertainty regarding the timing of future levels of revenue growth. Therefore, cashflow projections for a sensitivity scenario have also been prepared which include future sales at the current rate whilst maintaining the current level of operating expenditure. The Directors consider that the level of operating costs can be flexed so that they are commensurate with the level of sales achieved. As a consequence, under the sensitivity scenario the existing cash resources would be sufficient to enable the Company to fund its operations for at least 12 months from the date of approval of the Annual Report. In the event that the sensitivity scenario continued during 2016, additional sources of funding could be required and the Directors have a reasonable expectation that such funding could be obtained at that time if required.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Annual General Meeting

On page 56 is the notice of the Company's Annual General Meeting to be held at 11 am on 17 March 2015 at the offices of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE.

## Independent Auditor

During the year PricewaterhouseCoopers LLP were appointed as the Company's auditor and, having expressed their willingness to continue in office, will be proposed for reappointment at the Company's forthcoming Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

On behalf of the Board

### Steve Bennetts

Chief Financial Officer  
20 January 2015

# [ Directors' Responsibilities Statement ]

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- △ select suitable accounting policies and then apply them consistently;
- △ make judgements and accounting estimates that are reasonable and prudent;
- △ state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- △ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors 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.



# [Independent Auditors' Report]

For the year ended 30 September 2014

## Report on the financial statements

### Our opinion

In our opinion, Actual Experience plc's financial statements (the "financial statements"):

- △ give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its loss and cash flows for the year then ended;
- △ have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- △ have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

Actual Experience plc's financial statements comprise:

- △ the Statement of Financial Position as at 30 September 2014;
- △ the Income Statement and Statement of Comprehensive Income for the year then ended;
- △ the Statement of Cash Flows for the year then ended;
- △ the Statement of Changes in Equity for the year then ended; and
- △ the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

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

- △ we have not received all the information and explanations we require for our audit; or
- △ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- △ the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- △ whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- △ the reasonableness of significant accounting estimates made by the Directors; and
- △ the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Other matter

### Prior period financial statements unaudited

The financial statements for the period ended 30 September 2013, forming the corresponding figures of the financial statements for the year ended 30 September 2014, are unaudited.

**Colin Bates** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
20 January 2015

# Income Statement and Statement of Comprehensive Income

For the year ended 30 September 2014

	Notes	Year ended 30 September 2014 £	14 months ended 30 September 2013 £
<b>Revenue from continuing operations</b>	4	<b>567,469</b>	444,571
Cost of sales		(249,231)	(209,517)
<b>Gross profit</b>		<b>318,238</b>	235,054
Administrative expenses	5	(1,916,029)	(1,007,994)
Other operating income		5,986	–
<b>Adjusted LBIT<sup>1</sup></b>		<b>(1,141,317)</b>	(772,940)
AIM flotation expenses		(450,488)	–
<b>Operating loss from continuing operations</b>		<b>(1,591,805)</b>	(772,940)
Finance income	7	12,067	–
Fair value loss on financial instruments		(4,127)	(11,854)
<b>Loss before taxation</b>		<b>(1,583,865)</b>	(784,794)
Taxation	8	277,652	67,584
<b>Total comprehensive loss for the year</b>		<b>(1,306,213)</b>	(717,210)
<b>Total comprehensive loss attributable to owners of the parent</b>		<b>(1,306,213)</b>	(717,210)
<b>Loss per ordinary share<sup>2</sup></b>			
<b>Basic and diluted on loss from continuing operations</b>	9	<b>(4.74)p</b>	(3.63)p

<sup>1</sup> Adjusted LBIT comprises earnings before finance income, fair value loss on financial instruments, tax and flotation expenses.

<sup>2</sup> The loss per share for the comparative period has been restated to adjust for the capital reorganisation which took place during the current year.

# [ Statement of Changes in Equity ]

For the year ended 30 September 2014

	Notes	Share capital £	Share premium £	Retained earnings/ (accumulated losses) £	Total £
At 31 July 2012		3	1,403,790	(1,002,995)	400,798
Loss and total comprehensive loss for the period		–	–	(717,210)	(717,210)
Share based payment expense	21	–	–	31,502	31,502
At 30 September 2013		3	1,403,790	(1,688,703)	(284,910)
Loss and total comprehensive loss for the year		–	–	(1,306,213)	(1,306,213)
Issue of shares	18	857	4,720,480	–	4,721,337
Bonus share issue for capital reorganisation	18	56,828	(56,828)	–	–
Cancellation of share premium account	18	–	(5,933,096)	5,933,096	–
Share based payment expense	21	–	–	34,588	34,588
<b>At 30 September 2014</b>		<b>57,688</b>	<b>134,346</b>	<b>2,972,768</b>	<b>3,164,802</b>



# Statement of Financial Position

as at 30 September 2014

	Notes	As at 30 September 2014 £	As at 30 September 2013 £	As at 1 August 2012 £
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	16,412	9,130	8,530
Intangible assets	11	186,354	–	–
Investments	12	500	–	–
<b>Total non-current assets</b>		<b>203,266</b>	9,130	8,530
<b>Current assets</b>				
Trade and other receivables	13	135,777	82,146	46,176
Income tax receivable	8	159,945	–	–
Cash and cash equivalents	14	2,942,805	326,534	393,220
<b>Total current assets</b>		<b>3,238,527</b>	408,680	439,396
<b>Total assets</b>		<b>3,441,793</b>	417,810	447,926
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax	8	(3,373)	(1,844)	–
<b>Total non-current liabilities</b>		<b>(3,373)</b>	(1,844)	–
<b>Current liabilities</b>				
Trade and other payables	15	(273,618)	(189,022)	(47,128)
Loans	16	–	(511,854)	–
<b>Total current liabilities</b>		<b>(273,618)</b>	(700,876)	(47,128)
<b>Total liabilities</b>		<b>(276,991)</b>	(702,720)	(47,128)
<b>Net assets/(liabilities)</b>		<b>3,164,802</b>	(284,910)	400,798
<b>Equity</b>				
Share capital	18	57,688	3	3
Share premium	18	134,346	1,403,790	1,403,790
Retained earnings/(accumulated losses)	19	2,972,768	(1,688,703)	(1,002,995)
<b>Total equity</b>		<b>3,164,802</b>	(284,910)	400,798

Approved by the Board of Directors and authorised for issue on 20 January 2015

**Stephen Davidson**  
Chairman

**Steve Bennetts**  
Chief Financial Officer

Company number: 06838738

# Statement of Cash Flows

For the year ended 30 September 2014

	Notes	Year ended 30 September 2014 £	14 months ended 30 September 2013 £
<b>Cash flows from operating activities</b>			
Loss before tax		(1,583,865)	(784,794)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	10	7,738	7,247
Amortisation of intangible assets	11	39,771	–
Share based payment charge	21	34,588	31,502
Finance income		(12,067)	–
Fair value loss on financial instruments		4,127	11,854
<b>Operating cash outflow before changes in working capital</b>		<b>(1,509,708)</b>	<b>(734,191)</b>
Movement in trade and other receivables		(53,630)	(35,970)
Movement in trade and other payables		84,595	141,894
<b>Cash flow from operations</b>		<b>(1,478,743)</b>	<b>(628,267)</b>
Tax received		119,236	69,428
<b>Net cash flows used in operating activities</b>		<b>(1,359,507)</b>	<b>(558,839)</b>
<b>Cash flows from investing activities</b>			
Development of intangible assets	11	(226,125)	–
Purchases of property, plant and equipment	10	(15,020)	(7,847)
Purchase of subsidiary undertaking	12	(500)	–
Finance income	7	12,067	–
<b>Net cash outflow from investing activities</b>		<b>(229,578)</b>	<b>(7,847)</b>
<b>Cash flows from financing activities</b>			
Additions to borrowings		–	500,000
Repayment of borrowings		(2,202)	–
Proceeds from issue of share capital	18	4,207,558	–
<b>Net cash inflow from financing activities</b>		<b>4,205,356</b>	<b>500,000</b>
Increase/(decrease) in cash and cash equivalents		2,616,271	(66,686)
Cash and cash equivalents at start of year/period		326,534	393,220
<b>Cash and cash equivalents at end of year/period</b>	14	<b>2,942,805</b>	<b>326,534</b>

# Notes to the Financial Statements

For the year ended 30 September 2014

## 1 Basis of preparation

Actual Experience plc is a public limited company domiciled in the United Kingdom. These financial statements of Actual Experience plc are the audited financial statements for the year to 30 September 2014. These include comparatives for the 14 month period ended 30 September 2013.

The Company's registered office is The Tramshed, Beehive Yard, Walcot Street, Bath, BA1 5BB.

### Business combinations and basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Where the acquisition is treated as a business combination, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Company.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

The Company has taken advantage of the exemptions permitted under Section 402 of the Companies Act 2006 and has not prepared consolidated financial statements on the basis that inclusion of its subsidiary undertaking is not material for the purposes of presenting a true and fair view.

### Going Concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

At 30 September 2014, the Company had a cash and cash equivalents position of £2,942,805, with no bank debt. The Directors have prepared detailed monthly projections of future cash flows for the remainder of the financial year to September 2015 and the subsequent financial year, 2016. The base case forecast includes expected revenue growth, together with further investment in the cost base, leading to the commencement of positive monthly cash flows during the latter part of the period.

Because of the Company's early stage of development there is uncertainty regarding the timing of future levels of revenue growth. Therefore, cashflow projections for a sensitivity scenario have also been prepared which include future sales at the current rate whilst maintaining the current level of operating expenditure. The Directors consider that the level of operating costs can be flexed so that they are commensurate with the level of sales achieved. As a consequence, under the sensitivity scenario the existing cash resources would be sufficient to enable the Company to fund its operations for at least 12 months from the date of approval of the Annual Report. In the event that the sensitivity scenario continued during 2016, additional sources of funding could be required and the Directors have a reasonable expectation that such funding could be obtained at that time if required.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## 2 Significant accounting policies

The financial statements have been prepared under the historical cost convention, except where fair values are adopted as required, in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and with the Companies Act 2006 as applicable to companies using IFRS and to IFRIC interpretation.

The principal accounting policies applied are set out below.

### 2.1 Foreign currencies

#### *(a) Functional and presentational currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which is UK sterling (£). The financial statements are presented in pounds sterling (£), which is the Company's presentational currency. All amounts are rounded to the nearest £.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 2.2 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is shown net of Value Added Tax. The Company primarily earns revenues from the sale of digital supply-chain management services and associated consultancy services.

Revenue from the digital supply-chain management service is recognised over the period of each sale agreement, on a straight-line basis. Revenues from consultancy services and other services such as training are recognised when delivery to the customer has been completed.

The difference between the amount of revenue recognised and the amount invoiced to a particular customer is included in the Statement of Financial Position as deferred or accrued income as appropriate. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

### 2.3 Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following criteria are satisfied:

- (a) completion of the intangible asset is technically feasible so that it will be available for use or sale;
- (b) the Company intends to complete the intangible asset and use or sell it;
- (c) the Company has the ability to use or sell the intangible asset and the intangible asset will generate probable future economic benefits over and above cost;
- (d) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (e) the expenditure attributable to the intangible asset during its development can be measured reliably.

The Directors do not believe that expenditure on development met the criteria for capitalisation during the period to 30 September 2013 due to the lack of available adequate financial resources to use the intangible asset to generate sufficient future profits at the date the costs were incurred.



# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 2 Significant accounting policies continued

During the year ended 30 September 2014, the Directors believe that the criteria for capitalising development costs have been met in respect of certain projects. Consequently the identifiable costs relating to these projects have been capitalised as intangible assets. The capitalised costs are being amortised over the estimated useful lives of those assets and the amortisation charge for the period is included within "Administrative expenses" in the Income Statement and Statement of Comprehensive Income. Expenses for research and development include associated wages and salaries, material costs, depreciation on non-current assets and directly attributable overheads.

The estimated useful life of the development costs capitalised is two years.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Fixtures and fittings	5 years straight-line
Computer equipment	3 years straight-line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

#### *Impairment of property, plant and equipment*

At each period end, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

### 2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

#### *2.5.1 Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. Appropriate provisions for estimated irrecoverable amounts are recognised in the Income Statement and Statement of Comprehensive Income when there is objective evidence that the assets are impaired.

#### *2.5.2 Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 2.5.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### 2.5.4 Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

### 2.5.5 Financial liabilities – current borrowings

Borrowings, including advances received from related parties are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The convertible loan notes in 2013 were considered to be a hybrid financial instrument with an embedded derivative which is not closely related to the host. The Company made an accounting policy choice to designate the entire hybrid contract as a liability at fair value.

## 2.6 Current and deferred tax

The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current tax is based upon taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability or receivable for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Credit is taken in the accounting period for research and development tax credits, which have been claimed from HM Revenue & Customs, in respect of qualifying research and development costs incurred. Research and development tax credits have been accounted for on an accruals basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the Income Statement and Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the profit nor the accounting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 2.7 Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 2 Significant accounting policies continued

### 2.8 Share based payments

The Company issues equity settled share based payments to certain employees.

Equity settled share based payments are measured at fair value at the date of grant and expensed in the Income Statement and Statement of Comprehensive Income on a straight-line basis over the vesting period, along with a corresponding increase in equity. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense represents the revised estimate, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the Directors' best estimate of the expected life of the option.

#### Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below:

##### *Research and development costs*

The assessment of when development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. These judgements are subjective and, to the extent that actual circumstances differ, there can be an increase or decrease in the amount of expenditure expensed to the income statement.

When development expenditure is capitalised the Directors also make a judgement in respect of the expected useful lives of the intangible development costs and an appropriate amortisation charge is made. The useful economic life of the development costs is two years. A one year reduction in the period over which such development costs are amortised would have increased loss before income tax by £40,000 (2013: £nil). A one year increase in the period over which such development costs are amortised would have reduced loss before income tax by £13,000 (2013: £nil).

##### *Equity settled share based payments*

The estimation of share based payment costs requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest. Inputs subject to judgement relate to the future volatility of the share price of comparable companies, the Company's expected dividend yields, risk free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations.

##### *Recoverability of deferred tax assets*

Deferred tax assets are recognised only to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future probability and is therefore inherently uncertain. To the extent that assumptions regarding future probability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit to the Income Statement and Statement of Comprehensive Income in the period in which the change occurs.

### Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 October 2013. None of them has had a significant impact on the Company:

- △ Amendment to IFRS 7: Financial Instrument Disclosures – Offsetting Financial Assets and Financial Liabilities
- △ IFRS 10: Consolidated Financial Statements
- △ IFRS 11: Joint Arrangements
- △ IFRS 12: Disclosure of Interests in Other Entities
- △ IFRS 13: Fair Value Measurement
- △ Amendment to IAS 1: Presentation of financial statements – comparative periods
- △ Amendment to IAS 16: Property, plant and equipment – servicing equipment
- △ Amendment to IAS 19: Employee Benefits – post employment benefits and termination benefits projects
- △ IAS 27: Separate Financial Statements
- △ IAS 28: Investments in Associates and Joint Ventures
- △ Amendment to IAS 32: Financial Instruments Presentation – tax effect of equity dividends

### Accounting standards and interpretations not applied

At the date of authorisation of these financial statements, the following IFRSs, IASs and Interpretations were in issue but not yet effective. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- △ IFRS 9 Financial Instruments (effective date not yet confirmed and standard not yet endorsed by the EU);
- △ IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2017, not yet endorsed by the EU);
- △ Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS16 and IAS38) (effective date 1 January 2016);
- △ Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS11) (effective date 1 January 2016); and
- △ IFRS14 Regulatory Deferral Accounts (effective date 1 January 2016).

## 3 Financial risk management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company does not use derivative financial instruments such as forward currency contracts or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

The Company is exposed to the following financial risks:

- △ Credit risk
- △ Liquidity risk
- △ Market risk

To the extent that financial instruments are not carried at fair value in the Income Statement and Statement of Financial Position, book value approximates to fair value at 30 September 2013 and 30 September 2014.

Trade and other receivables are measured at fair value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in either UK sterling or US dollars and are placed on deposits in UK banks. Trade and other payables are measured at book value and amortised cost.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 3 Financial risk management continued

### Credit risk

Credit risk is the financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Company's cash and cash equivalents and receivables balances. The concentration of the Company's credit risk is considered by counterparty, geography and currency.

The Company gives careful consideration to which organisation it uses for its banking services in order to minimise credit risk. The Company has a significant concentration of cash held in accounts with one large bank in the UK, an institution with an A credit rating (long term, as assessed by Fitch). The amounts of cash held on deposit with that bank at each reporting date can be seen in note 14. The Directors are satisfied that the level of risk inherent in holding the cash deposits with one bank historically has been low given the A credit rating assessed. The Directors monitor the levels of cash held by the Company on a regular basis and, if necessary, will mitigate any perceived increase in the level of risk by spreading the cash deposits across more than one institution.

The nature of the Company's business and current stage of its development are such that individual customers can comprise a significant proportion of its trade and other receivables at any point in time. The Company mitigates the associated risk by close monitoring of the trade receivables.

At 30 September 2014, the Company's trade receivables balance was £99,138 (30 September 2013: £69,684). The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In the Directors' opinion, there has been no impairment of financial assets at any point during the year.

No collateral is held by the Company as security in relation to its financial assets.

The Directors consider the above measures to be sufficient to control the credit risk exposure.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's prudent liquidity risk management and implies maintaining sufficient cash reserves. The Board monitors forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow. Ultimate responsibility for liquidity risk management rests with the Board.

At 30 September 2014, the Company had £2,942,805 (30 September 2013: £326,534) of cash and cash equivalents.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company's exposure to foreign currency risk has been limited as the majority of its invoicing and payments are in UK sterling. There are no significant balances held in foreign currencies at each reporting date and it has made no payments in foreign currencies other than US dollar and euro. Accordingly, the Board has not presented any sensitivity analysis in this area as it is immaterial.

### Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium and retained earnings.

The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Company is managed and adjusted to reflect changes in economic circumstances. In determining how the Company should be financed, through a combination of debt and equity, the Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Company's capital is made up of share capital, share premium and retained earnings totalling at 30 September 2014 £3,164,802 (30 September 2013: a deficit of £284,910).

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity and borrowings. There are no externally imposed capital requirements.



Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans.

#### 4 Segmental reporting

The information that is presented to the Chief Executive Officer, who is considered to be the Chief Operating Decision Maker ("CODM"), for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Company. Due to the current size and activities of the Company, there is a high degree of centralisation of activities. The Directors therefore consider that there is one operating, and hence one reportable, segment for the purposes of presenting information under IFRS8; that of "Digital supply-chain analytics services and associated consultancy services". There are no differences between the segment results and the statement of comprehensive income. The assets and liabilities information presented to the CODM is consistent with the Income Statement and Statement of Financial Position.

During the year ended 30 September 2014 the Company had one customer who generated more than 10% of total revenue. This customer generated 12% of revenue.

During the 14 month period ended 30 September 2013 the Company had two customers who generated more than 10% of total revenue. These customers generated 16% and 10% of revenue respectively.

All of the Company's assets are located in the UK.

An analysis of revenues by geographic location of customers is set out below:

	Year to 30 September 2014 £	14 months to 30 September 2013 £
United Kingdom	468,075	360,187
United States of America	19,033	6,381
Europe	45,430	45,646
Rest of the world	34,931	32,357
	<b>567,469</b>	<b>444,571</b>

#### 5 Loss from operations

	Notes	Year to 30 September 2014 £	14 months to 30 September 2013 £
Loss from operations is stated after charging:			
Depreciation on owned property, plant and equipment	10	7,738	7,247
Amortisation of intangible assets	11	39,771	–
Operating lease rentals – land and buildings		50,000	47,200
Staff costs	6	1,132,971	854,337
Foreign exchange losses		1,297	831
<b>Auditors' remuneration:</b>			
– Audit of these financial statements		28,000	–
– Tax advisory services		12,820	–
– All other services		79,649	–
<b>Total auditors' remuneration</b>		<b>120,469</b>	<b>–</b>

Other services relate to transaction services in relation to the AIM listing.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 6 Staff costs

	Year to 30 September 2014 Number	14 months to 30 September 2013 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Directors	4	2
Sales and support	5	3
Software development	9	7
Administration	4	1
	<b>22</b>	<b>13</b>

	Year to 30 September 2014 £	14 months to 30 September 2013 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	<b>1,193,837</b>	736,573
Social security costs	<b>130,671</b>	86,262
Share based expense (note 21)	<b>34,588</b>	31,502
	<b>1,359,096</b>	<b>854,337</b>
Directors' remuneration comprised:		
Emoluments for qualifying services	<b>293,571</b>	122,292

Directors' emoluments disclosed above include £119,250 paid to the highest paid Director (14 months to 30 September 2013: £116,667); the Director did not exercise any share options in the year and no options are due under incentive plans.

The Remuneration Report on pages 19 to 20 detail Directors' interests in share options.

There are no pension benefits for Directors.

Included within total staff costs of £1,359,096 above is £226,125 which has been capitalised within development costs in accordance with IAS38 (see note 11). The remaining £1,132,971 has been expensed in the Income Statement.

## 7 Finance income

	Year to 30 September 2014 £	Year to 30 September 2013 £
Bank interest receivable	<b>12,067</b>	–

## 8 Taxation

### Tax on loss on ordinary activities

	Year to 30 September 2014 £	14 months to 30 September 2013 £
<b>Current tax:</b>		
Corporation tax on losses of the year/period	(279,181)	(69,428)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	1,529	1,844
<b>Total tax credit</b>	<b>(277,652)</b>	<b>(67,584)</b>

### Factors affecting the current tax charges

The tax assessed for the year/period varies from the standard UK company rate of corporation tax as explained below.

	Year to 30 September 2014 £	14 months to 30 September 2013 £
Loss on ordinary activities before tax	(1,583,865)	(784,794)
Tax at the UK corporate tax rate of 22% (2013: 23.57%)	(348,450)	(184,976)
Effects of:		
Expenses not deductible for tax purposes	122,747	10,638
Unrecognised deferred tax asset on losses	156,276	176,182
Research and development tax credits received in respect of the prior period	(119,236)	(69,428)
Research and development enhancement in respect of the current year	(88,916)	–
Change in rate of tax used to calculate deferred tax liability	(73)	–
<b>Tax credit for the year/period</b>	<b>(277,652)</b>	<b>(67,584)</b>

The Company has tax losses carried forward of £1,923,171 (2013: £1,212,820).

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's losses for the accounting period are based on an effective rate of 22%. The main rate of corporation tax will further reduce to 20% with effect from 1 April 2015 and this is the rate used to calculate the deferred tax balances. The impact of the change in the tax rate has been immaterial.

During the year the Company has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue & Customs to the Company of £159,945 (2013: £nil).

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 8 Taxation continued

### Deferred tax

Deferred tax relates to the following:

	At 30 September 2014 £	At 30 September 2013 £
Accelerated depreciation for tax purposes	<b>3,373</b>	1,844
Deferred tax liability	<b>3,373</b>	1,844

### Reconciliation of deferred tax liabilities

	Year to 30 September 2014 £	14 months to 30 September 2013 £
Balance at the beginning of the year/period	<b>1,844</b>	–
Charge to the statement of comprehensive income	<b>1,529</b>	1,844
Balance at the end of the year/period	<b>3,373</b>	1,844

At 30 September 2014, the Company had unrecognised deferred tax assets totalling £403,866 (2013: £254,692) which relate to losses. The Company has not recognised this asset in the statement of financial position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

## 9 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

The Company has two classes of potentially dilutive ordinary shares. Firstly, those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. Secondly, the convertible loans that were outstanding during the period ended 30 September 2013. However, due to losses incurred in both the current and previous financial year there is no dilutive effect from the potential exercise of these dilutive shares.

	Year to 30 September 2014 £	14 months to 30 September 2013 £
<b>Total loss attributable to the owners of the parent</b>	<b>(1,306,213)</b>	(717,210)
	No.	No.
<b>Weighted average number of ordinary shares in issue during the year/period</b>	<b>27,525,131</b>	19,767,000
<b>Loss per share</b>		
Basic and diluted on loss for the year/period	<b>(4.74)p</b>	(3.63)p

Adjusted earnings per share has been calculated so as to exclude the effect of non operating exceptional costs including related tax charges and credits. Adjusted earnings used in the calculation of basic and diluted earnings per share reconciles to basic earnings as follows:

<b>Basic earnings</b>	<b>(1,306,213)</b>	(717,210)
Non operating exceptional costs	<b>450,488</b>	–
Adjusted earnings	<b>(855,725)</b>	(717,210)
<b>Adjusted loss per share</b>		
Basic and diluted on adjusted loss for the year/period	<b>(3.11)p</b>	(3.63)p

The weighted average number of shares in issue throughout the year/period is as follows:

	Year to 30 September 2014	14 months to 30 September 2013
Issued ordinary shares at the beginning of the year/period	<b>26,356</b>	26,356
Adjustment to reflect capital reorganisation	<b>19,740,644</b>	19,740,644
Issued ordinary shares at the beginning of the year/period–adjusted	<b>19,767,000</b>	19,767,000
Effect of shares issued in November 2013	<b>7,487,901</b>	–
Effect of shares issued in February 2014	<b>270,230</b>	–
Weighted average number of shares at the end of the year/period	<b>27,525,131</b>	19,767,000

The weighted average number of shares in issue has been adjusted in each period to reflect the capital reorganisation which took place on 23 January 2014 in order to ensure that the loss per share figures are comparable across all periods.



# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 10 Property, plant and equipment

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 August 2012	–	15,750	15,750
Additions	419	7,428	7,847
<b>At 30 September 2013</b>	419	23,178	23,597
Additions	1,419	13,601	15,020
<b>At 30 September 2014</b>	<b>1,838</b>	<b>36,779</b>	<b>38,617</b>
<b>Accumulated depreciation</b>			
<b>At 1 August 2012</b>	–	7,220	7,220
Charge for the period	70	7,177	7,247
<b>At 30 September 2013</b>	70	14,397	14,467
Charge for the year	125	7,613	7,738
<b>At 30 September 2014</b>	<b>195</b>	<b>22,010</b>	<b>22,205</b>
<b>Net book value</b>			
<b>At 30 September 2014</b>	<b>1,643</b>	<b>14,769</b>	<b>16,412</b>
<b>At 30 September 2013</b>	349	8,781	9,130
<b>At 31 July 2012</b>	–	8,530	8,530

## 11 Intangible assets

	Development costs £	Total £
<b>Cost</b>		
At 1 August 2012	–	–
Additions	–	–
<b>At 30 September 2013</b>	–	–
Additions	226,125	226,125
<b>At 30 September 2014</b>	<b>226,125</b>	<b>226,125</b>
<b>Accumulated amortisation and impairment losses</b>		
At 1 August 2012	–	–
Charge for the period	–	–
<b>At 30 September 2013</b>	–	–
Charge for the year	39,771	39,771
<b>At 30 September 2014</b>	<b>39,771</b>	<b>39,771</b>
<b>Net book value</b>		
<b>At 30 September 2014</b>	<b>186,354</b>	<b>186,354</b>
<b>At 30 September 2013</b>	–	–
<b>At 31 July 2012</b>	–	–

The amortisation of development costs is recognised within administrative expenses in the Income Statement and Statement of Comprehensive Income.

## 12 Investments

At 30 September 2014, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued Ordinary share capital and voting rights 2014
Actual Experience Inc	Sales and marketing services	100%
<b>Cost</b>		<b>£</b>
At 1 August 2012 and 30 September 2013		–
Additions		500
<b>At 30 September 2014</b>		<b>500</b>
<b>Impairment</b>		
At 1 August 2012, 30 September 2013 and 30 September 2014		–
<b>Carrying value at 30 September 2014</b>		<b>500</b>
<b>Carrying value at 1 August 2012 and 30 September 2013</b>		<b>–</b>

Actual Experience Inc is incorporated in the US.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 13 Trade and other receivables

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
Trade receivables	99,138	69,684	40,722
Other receivables	11,386	4,801	4,671
Prepayments and accrued income	25,253	7,661	783
	<b>135,777</b>	82,146	46,176

Contractual payment terms with the Company's customers are typically 30 to 60 days.

There are no provisions for impairment losses in respect of trade and other receivables. The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables the Board considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on credit risk management policies, refer to note 3.

## 14 Cash and cash equivalents

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
Bank credit rating:			
A	2,942,805	326,534	393,220
Cash and cash equivalents	<b>2,942,805</b>	326,534	393,220

The above has been analysed by the Fitch rating system and gives an analysis of the credit rating of the financial institution where cash balances are held.

All of the Company's cash and cash equivalents at 30 September 2014 are held in instant access current accounts or short term deposit accounts. Balances are denominated in UK sterling (£) and US dollars (\$) as follows:

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
Denominated in pounds sterling	2,924,344	326,534	393,220
Denominated in US dollars	18,461	–	–
Cash and cash equivalents	<b>2,942,805</b>	326,534	393,220

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value. For details of credit risk management policies, refer to note 3.

## 15 Trade and other payables

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
Trade payables	23,172	8,371	8,638
Other tax and social security	49,817	28,053	22,959
Other creditors	4,807	6,397	1,484
Amounts due to subsidiary undertakings	16,905	–	–
Accruals	72,823	83,515	9,112
Deferred income	106,094	62,686	4,935
	<b>273,618</b>	189,022	47,128

Trade payables are all expected to be settled from the Company's sterling bank account.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

## 16 Loans

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
<b>Amounts falling due within one year</b>			
Convertible loan notes	–	511,854	–

The Company issued unsecured fixed rate convertible loan notes amounting to £500,000 between 16 April 2013 and 23 July 2013. Interest was charged on the loan notes at the rate of 7.0% per annum. The loan notes were redeemable at par, with accrued interest, on the earlier of the sale of the Company or the date five years after the issue of the loan notes. The loan note holders had the right to convert the loan into equity if the Company were to raise further capital or on the sale of the Company. In addition, the Company had the right to redeem the loan notes early subject to the approval of 75% of the loan note holders. On 19 November 2013, these loan notes were converted into new ordinary shares. Further details are set out in note 18.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 17 Financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- △ Trade and other receivables
- △ Trade and other payables
- △ Cash and cash equivalents
- △ Loans

### Financial assets

The Company held the following financial assets:

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
<b>Due within 3 months</b>			
Cash and cash equivalents	<b>2,942,805</b>	326,534	393,220
Trade receivables	<b>99,138</b>	69,684	40,722
Other receivables	<b>36,639</b>	12,462	5,454
	<b>3,078,582</b>	408,680	439,396

### Financial liabilities

The Company held the following financial liabilities held at amortised cost (non-derivatives) and fair value (hybrid financial instrument):

	At 30 September 2014 £	At 30 September 2013 £	At 1 August 2012 £
<b>Non-derivative financial liabilities</b>			
<b>Due within one year</b>			
Trade payables	<b>23,172</b>	8,371	8,638
Other payables	<b>250,446</b>	180,651	38,490
	<b>273,618</b>	189,022	47,128
<b>Financial instruments at fair value</b>			
<b>Due between 2 and 5 years</b>			
Convertible loan notes	–	511,854	–
Total financial liabilities	<b>273,618</b>	700,876	47,128



## 18 Share capital

	Number	Share capital £	Share premium £	Total £
<b>Total Ordinary shares of 0.1p each at 31 July 2011</b>	2,085	2	813,749	813,751
Arising on subdivision of shares	18,765	–	–	–
Issued in the year	5,506	1	590,041	590,042
<b>Total Ordinary shares of 0.01p each at 1 August 2012 and 1 October 2013</b>	26,356	3	1,403,790	1,403,793
Issue of shares on 19 November 2013	11,532	1	4,586,134	4,586,135
Issue of bonus shares on capitalisation of share premium account	568,282,112	56,828	(56,828)	–
Subtotal – ordinary shares of 0.01p each	568,320,000	56,832	5,933,096	5,989,928
Adjustment relating to consolidation of shares on 23 January 2014	(539,904,000)	–	–	–
Cancellation of share premium account	–	–	(5,933,096)	(5,933,096)
Issue of shares on 11 February 2014	183,450	367	99,633	100,000
Issue of shares on 13 February 2014	20,000	40	10,862	10,902
Issue of shares on exercise of share options on 14 February 2014	224,775	449	23,851	24,300
<b>Total Ordinary shares of 0.2p each as at 30 September 2014</b>	<b>28,844,225</b>	<b>57,688</b>	<b>134,346</b>	<b>192,034</b>

As permitted by the provisions of the Companies Act 2006, the Company does not have an upper limit to its authorised share capital.

The following is a summary of the changes in the issued share capital of the Company during the reporting period:

- (a) On 9 November 2011:
  - (i) Each ordinary share of 0.1p each was sub-divided into 10 ordinary shares of 0.01p each;
  - (ii) 5,506 ordinary shares of 0.01p each were issued for cash at an issue price of £108.98 per share;
- (b) On 19 November 2013:
  - (i) 1,571 ordinary shares of 0.01p each were issued upon the conversion of all of the £500,000 loan notes of £1 each (including accrued interest) in the Company which were originally issued between 16 April 2013 and 23 July 2013;
  - (ii) 9,961 ordinary shares of 0.01p each were issued for cash at an aggregate issue price of £4,072,356;
- (c) on 23 January 2014:
  - (i) The sum of £56,828.2112 was capitalised (being part of the amount standing to the credit of the share premium account) by paying up in full 568,282,112 ordinary shares of 0.01p each on the basis of 14,999 ordinary shares of 0.01p each for every ordinary share of 0.01p to shareholders in the capital of the Company registered on 21 January 2014; and
  - (ii) Following the allotment and issue of these shares, every 20 ordinary shares of 0.01p each was consolidated into one ordinary share of 0.2p each;
- (d) on 5 February 2014, the Company's share premium account was cancelled;
- (e) on 11 February 2014, 183,450 ordinary shares were issued at par to N+1 Singer in connection with the Company's admission to AIM, following which a capital contribution was made of £99,633;

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 18 Share capital continued

- (f) on 13 February 2014, 20,000 ordinary shares were issued to Stephen Davidson in connection with the admission to AIM; and
- (g) on 14 February 2014, 149,900 ordinary shares were allotted at a price of 9.091 pence per share, for total cash consideration of £13,627, upon the exercise of share options granted in the Company's share option schemes; and
- (h) on 14 February 2014, 74,875 ordinary shares were allotted at a price of 14.255 pence per share, for total cash consideration of £10,673, upon the exercise of share options granted in the Company's share option schemes.

At 30 September 2014, the Company had only one class of share, being ordinary shares of 0.2p each.

## 19 Movement in retained earnings/(accumulated losses) reserve

	Retained earnings / (accumulated losses) £
<b>At 1 August 2012</b>	(1,002,995)
Loss for the period	(717,210)
Share based payment charge	31,502
<b>At 30 September 2013</b>	(1,688,703)
Loss for the year	(1,306,213)
Share based payment charge	34,588
Arising on cancellation of share premium account	5,933,096
<b>At 30 September 2014</b>	<b>2,972,768</b>

## 20 Commitments

### Operating lease commitments

The Company leases premises under non-cancellable operating lease agreements. The future aggregate minimum lease and service charge payments under non-cancellable operating leases are as follows:

	At 30 September 2014 £	At 30 September 2013 £
Land and buildings:		
Amounts due within one year	<b>65,450</b>	8,000

At 30 September 2014, the Company had a tenancy agreement in respect of its business premises. This agreement commenced on 5 September 2014 for a period of 12 months with a monthly rent of £5,950.

## 21 Share based payments

### Share options

The Company has a share option plan under which it grants options over ordinary shares to certain employees. Options are exercisable at a price equal to the estimated market price of the Company's shares on the date of the grant. The vesting period for shares is usually four years. The options are settled in equity once exercised. If the options remain unexercised for a period after ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	Number of share interests			Weighted average exercise price per share (£)
	EMI options	Unapproved options	Total	
At 31 July 2012	1,342,500	–	1,342,500	0.102
Granted in the period	333,750	–	333,750	0.143
At 30 September 2013	1,676,250	–	1,676,250	0.118
Granted in the year	610,500	220,000	830,500	1.192
Exercised in the year	(224,775)	–	(224,775)	(0.108)
<b>At 30 September 2014</b>	<b>2,061,975</b>	<b>220,000</b>	<b>2,281,975</b>	<b>0.510</b>

The figures for the period ended 30 September 2013 have been adjusted to take into account the subdivisions and consolidations of the Company's shares which took place on 23 January 2014.

There were 1,023,975 share options outstanding at 30 September 2014 (30 September 2013: 803,250) which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period vesting conditions, some of which had not been met at 30 September 2014. Options have a range of exercise prices from 9.09 pence per share to 186.5 pence per share and have a weighted contractual life of 7.3 years.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 21 Share based payments continued

Details of options granted but not exercised at each period end are as follows:

### Year ended 30 September 2014:

	Grant date	Vesting date	Number of options	Exercise Price (p)
EMI options	2010	2011	5,000	9.09
EMI options	2010	2012	120,000	9.09
EMI options	2010	2013	120,000	9.09
EMI options	2010	2014	112,500	9.09
EMI options	2011	2011	40,000	9.09
EMI options	2011	2012	60,000	9.09
EMI options	2011	2013	60,000	9.09
EMI options	2011	2014	52,500	9.09
EMI options	2011	2011	22,600	9.09
EMI options	2011	2012	15,000	9.09
EMI options	2011	2013	22,500	9.09
EMI options	2011	2014	7,500	9.09
EMI options	2012	2013	172,625	14.25
EMI options	2012	2014	138,750	14.25
EMI options	2012	2015	138,750	14.25
EMI options	2012	2016	39,000	14.25
EMI options	2013	2013	9,000	14.25
EMI options	2013	2014	78,750	14.25
EMI options	2013	2015	83,250	14.25
EMI options	2013	2016	83,250	14.25
EMI options	2013	2017	66,000	14.25
EMI options	2013	2018	4,500	14.25
EMI options	2013	2014	56,813	14.25
EMI options	2013	2015	56,812	14.25
EMI options	2013	2016	56,813	14.25
EMI options	2013	2017	56,812	14.25
EMI options	2013	2014	18,938	14.25
EMI options	2013	2015	18,937	14.25
EMI options	2013	2016	18,938	14.25
EMI options	2013	2017	18,937	14.25
EMI options	2013	2014	5,625	54.50
EMI options	2013	2015	5,625	54.50
EMI options	2013	2016	5,625	54.50
EMI options	2013	2017	5,625	54.50
EMI options	2014	2015	71,250	184.00
EMI options	2014	2016	71,250	184.00
EMI options	2014	2017	71,250	184.00
EMI options	2014	2018	71,250	184.00
Non-EMI options	2014	2015	46,666	186.50
Non-EMI options	2014	2016	46,667	186.50
Non-EMI options	2014	2017	46,667	186.50
Non-EMI options	2014	2015	20,000	186.50
Non-EMI options	2014	2016	20,000	186.50
Non-EMI options	2014	2017	20,000	186.50
Non-EMI options	2014	2018	20,000	186.50
<b>Total at 30 September 2014</b>			<b>2,281,975</b>	

## Period ended 30 September 2013:

	Grant date	Vesting date	Number of options	Exercise Price (p)
EMI options	2010	2011	120,000	9.09
EMI options	2010	2012	120,000	9.09
EMI options	2010	2013	120,000	9.09
EMI options	2010	2014	112,500	9.09
EMI options	2011	2011	67,500	9.09
EMI options	2011	2012	60,000	9.09
EMI options	2011	2013	60,000	9.09
EMI options	2011	2014	52,500	9.09
EMI options	2011	2011	30,000	9.09
EMI options	2011	2012	15,000	9.09
EMI options	2011	2013	22,500	9.09
EMI options	2011	2014	7,500	9.09
EMI options	2012	2013	238,500	14.25
EMI options	2012	2014	138,750	14.25
EMI options	2012	2015	138,750	14.25
EMI options	2012	2016	39,000	14.25
EMI options	2013	2013	18,000	14.25
EMI options	2013	2014	78,750	14.25
EMI options	2013	2015	83,250	14.25
EMI options	2013	2016	83,250	14.25
EMI options	2013	2017	66,000	14.25
EMI options	2013	2018	4,500	14.25
Total at 30 September 2013			1,676,250	



# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 21 Share based payments continued

The fair values were calculated using the Black-Scholes pricing model. The inputs into the model for options granted during the year were as follows:

	Granted on 9 July 2014	Granted on 21 July 2014	Granted on 15 September 2014
Dividend yield	0%	0%	0%
Expected volatility	20%	20%	20%
Risk free interest rate (%)	2.02%	2.02%	2.02%
Expected vesting life of options (years)	3	6	6
Weighted average exercise price (pence)	186.5p	186.5p	184.0p
Weighted average share price (pence)	186.5p	186.5p	184.0p

The Company uses historical data to estimate option exercise and employee retention within the valuation model. Expected volatilities are based upon an estimate by the Directors taking account of the implied volatility as determined by a simple average of a sample of listed companies based in similar sectors. The risk free rate for the period within the contractual life of the option is based on the UK gilt yield curve at the time of the grant. Any share options which are not exercised within ten years from the date of grant will expire.

The Company recognised a charge of £34,588 (2013: £31,502) in the statement of profit or loss and other comprehensive income in respect of equity settled share based payment transactions in the period.

## 22 Related party transactions

### Remuneration of key personnel

The remuneration of the Directors, who are the key management personnel of the Company, is shown below:

	Year ended 30 September 2014 £	Period ended 30 September 2013 £
<b>Executive Directors – aggregate</b>		
Short-term employment benefits*	192,916	122,292
<b>Non-executive Directors – aggregate</b>		
Short-term employment benefits*	100,655	–
<b>Total</b>	<b>293,571</b>	<b>122,292</b>

\* In addition, certain Directors hold share options in the Company for which a fair value share based charge of £15,441 has been recognised in the statement of comprehensive income (2013: £nil).

### Amounts outstanding to key personnel

As at 30 September 2014, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2013: £181).

## 22 Related party transactions continued

### Transactions with shareholders and other related parties

During the year the Company entered into transactions, in the ordinary course of business, with shareholders and other related parties. Transactions entered into, along with trading balances outstanding, are as follows:

Related party:	Notes	Amounts invoiced to related party 2014 £	Amounts invoiced by related party 2014 £	Amounts invoiced by related party 2013 £
<b>Queen Mary and Westfield College, University of London</b>	1			
Purchases – Salary charge and secondment fees for research services		–	<b>91,164</b>	26,860
Purchases – Patent costs		–	<b>683</b>	3,969
		–	<b>91,847</b>	30,829
<b>IP2IPO Limited and its associated company, Techtran Group Limited</b>	1			
Sales – Analytical services		<b>6,048</b>	–	–
Purchases – Business support fees		–	–	6,000
Purchases – Non-executive Director fees		–	<b>12,914</b>	–
Purchases – Other office costs		–	<b>195</b>	254
Purchases – Other professional fees		–	<b>3,708</b>	–
		<b>6,048</b>	<b>16,817</b>	6,254
<b>Inmarsat plc</b>	2			
Sales – Analytical services		<b>33,600</b>	–	–
<b>Henderson Global Investors</b>	1			
Sales – Analytical services		<b>20,352</b>	–	–

Note 1: Queen Mary and Westfield College, University of London, IP2IPO Limited and Henderson Global Investors are shareholders of the Company.

Note 2: Two of the Company's Directors have a common directorship of Inmarsat plc.

At 30 September 2014, invoiced sales of £20,352 to Henderson Global Investors were outstanding and included within trade receivables. This balance was received after the year end.

During the year, the following transactions took place between the Company and its subsidiary, Actual Experience Inc.:

Salary costs and staff expenses totalling £24,593 (2013: £nil) were paid by the Company on behalf of Actual Experience Inc. In addition, Actual Experience Inc. charged the Company £41,919 (2013: £nil) for support services provided during the year.

At 30 September 2014, an amount of £16,905 (2013: £nil) was owed by the Company to Actual Experience Inc.

There were no amounts outstanding due from or to the other related parties at 30 September 2014 or at 30 September 2013.

### Ultimate controlling party

The Company has no single ultimate controlling party.

# [ Notes to the Financial Statements ]

For the year ended 30 September 2014

## 23 First time adoption of IFRS

### Reconciliations between IFRS and FRSSE

The Company has previously produced and filed financial statements under Financial Reporting Standard for Smaller Entities (effective April 2008) (FRSSE).

Certain presentation differences between FRSSE and IFRS have no impact on reported profit or total equity. Some line items are described differently (renamed) under IFRS compared with previous FRSSE, although the assets and liabilities included in those line items are unaffected so no line-by-line reconciliation of such items has been presented.

The following reconciliation provides a quantification of the effect of the transition to IFRS, with notes to the reconciliation. The cash flow statement for the year ended 30 September 2013 under IFRS is the same as under FRSSE apart from presentational differences.

#### Reconciliation for the period ended 30 September 2013:

	FRSSE £	IFRS 2 Share-based payment charge £	IFRS £
Loss for the period	(685,708)	(31,502)	(717,210)
Profit and loss reserve	(1,002,995)	31,502	(971,493)
Share premium and share capital	1,403,793	–	1,403,793
<b>Total equity</b>	<b>(284,910)</b>	<b>–</b>	<b>(284,910)</b>

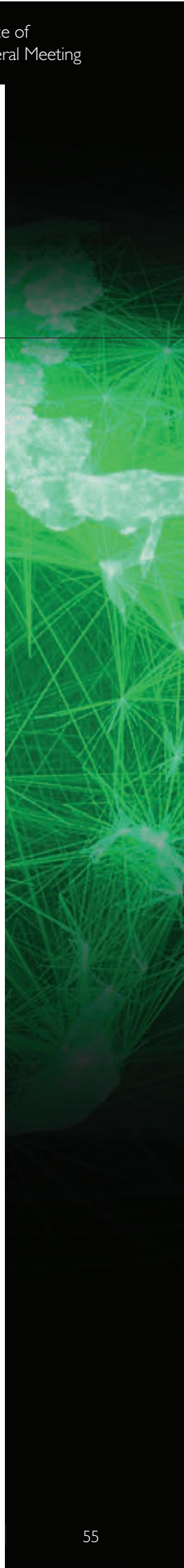
#### Reconciliation for the period ended 1 August 2012:

	FRSSE £	IFRS 2 Share-based payment charge £	IFRS £
Loss for the period	(478,865)	(19,400)	(498,265)
Profit and loss reserve	(524,130)	19,400	(504,730)
Share premium and share capital	1,403,793	–	1,403,793
<b>Total equity</b>	<b>400,798</b>	<b>–</b>	<b>400,798</b>

#### Notes to the reconciliation

The only material adjustment on transition to IFRS from FRSSE was the application of IFRS 2 to calculate the fair value of share options using an appropriate pricing model. This expense is recognised over the vesting period. Share options granted and still vesting at 1 August 2012 and 30 September 2013 are recognised within equity at 1 August 2012 and 30 September 2013 respectively.

# [Shareholder Notes]



# [Notice of Annual General Meeting]

Notice is hereby given that the Annual General Meeting (the “AGM” or “Annual General Meeting”) of Actual Experience plc (the “Company”) will be held at 11 am on Tuesday 17 March 2015 at the offices of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolution 11 will be proposed as a special resolution.

## Ordinary Resolutions

### Report and accounts

1. To receive the audited annual accounts of the Company for the year ended 30 September 2014, together with the Directors’ reports and the auditor’s report on those annual accounts.

### Election of Directors

2. To elect David John (Dave) Page as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.
3. To elect Roy Stephen (Steve) Bennetts as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.
4. To elect Dr Mark Reilly as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.
5. To elect Stephen James Davidson as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.
6. To elect Sir Bryan Carsberg as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.
7. To elect Robin Young as a Director who, having been appointed prior to this first Annual General Meeting, offers himself for election in accordance with the Company’s articles of association.

### Reappointment of auditors

8. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

### Auditors’ remuneration

9. To authorise the Directors to determine the remuneration of the auditors.

### Directors’ authority to allot shares

10. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551, Companies Act 2006 (the “Act”) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “relevant securities”) up to an aggregate nominal amount of £19,229.48, provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

# Notice of Annual General Meeting

## Special Resolution

### Directors' power to issue shares for cash

11. That the Directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 10 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:

11.1 the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities:

- (i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
- (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

(b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £5,768,844; and

11.2 unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

Dated: 20 January 2015

**Registered Office:**

The Tramshed  
Beehive Yard  
Walcot Street  
Bath, BA1 5BB  
United Kingdom

By order of the Board

**Roy Stephen (Steve) Bennetts**  
Company Secretary



# [Notes of Annual General Meeting]

## Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6 pm on Friday 13 March 2015 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
2. A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
3. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11 am on Friday 13 March 2015.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment thereof) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsors or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment, or to an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsor or voting service provider, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has been appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)) concerning practical limitations of their CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
6. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 2 to 3 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
7. Copies of the Executive Directors' service contracts with the Company and letters of appointment of the Non-executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 10.45 am on the day of the AGM until its conclusion.

# [Glossary]

**Digital Supply Chain** – A digital supply chain is a system of organization, people, activities, information and resources involved in moving a digital product or digital service from source to customer. For clarity, “customer” encompasses any digital interaction with the digital enterprise, whether initiated by human, process or machine.

*[source: AE original]*

**Digital Supply Chain Director (DSCD)** – the name for the Actual Experience digital quality analysis service. The service has four primary components:

**Analytic(s)** – a billable unit of analysis, consisting of one calendar month’s analysis of a single Digital User measuring a single digital product or service element. Each digital product or service is likely to contain multiple elements, each of which must be analysed to determine performance quality.

**Analytics Cloud** – high intensity compute environments which analyse measurement data, correlate potential digital quality, calculate current digital quality, identify digital weakness or digital misbehaviour, and produce digital business performance quality information to drive business improvement processes.

**Digital Quality Dashboards** – relevant, timely information on digital performance quality, tailored for each role and function, and customised to each individual. Dashboards can be accessed via any web browser and, soon, via smartphones and tablets.

**Digital User** – a lightweight software client which sits among real users on servers, computers, appliances, and, soon, smartphones and tablets. Its function is to take automatic, continuous performance measurements of designated digital products or digital services. The measurement data is sent to the Analytics Cloud for processing.

**Digital Supply Chain Management (DSCM)** is the systemic, strategic coordination of business functions and the tactics across these business functions within a particular company and across businesses within the digital supply chain, for the purposes of improving the long-term performance of the individual companies and the digital supply chain as a whole.

*[source: AE original]*

**Supply Chain** – A supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer.

*[source: Wikipedia]*

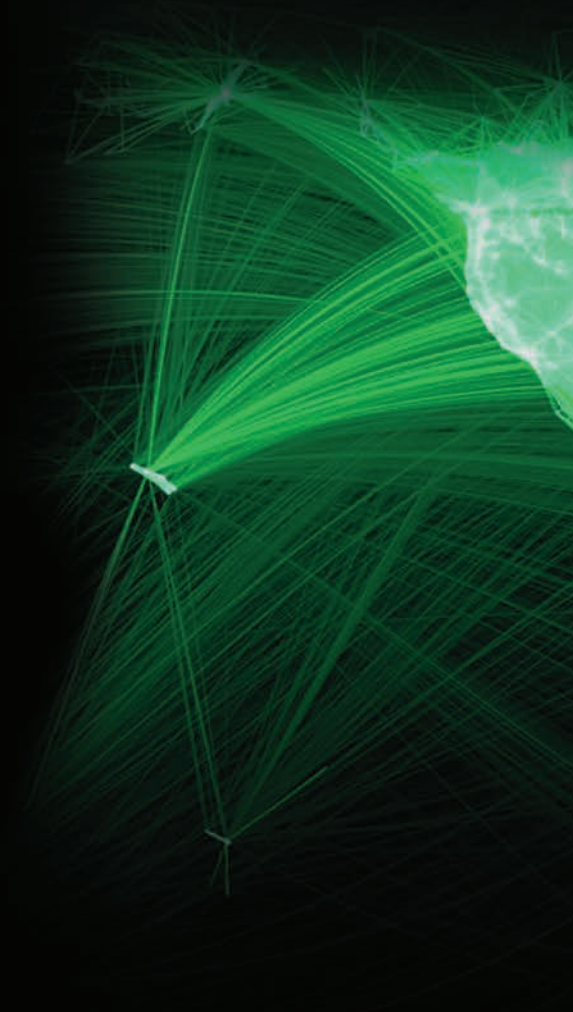
**Supply Chain Management (SCM)** – Supply chain management (SCM) is “the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole.”

*Mentzer, John T., William DeWitt, James S. Keebler, Soonhoong Min, Nancy W. Nix, Carlo D. Smith, & Zach G. Zacharia (2001): Defining Supply Chain Management. Journal of Business Logistics, Vol. 22, No. 2, pp. 1–25.*

*[source: Wikipedia]*

**Voice of the Customer (VoC)** – describes the outside-in analysis of performance quality, as the Digital User creates a Voice of the Customer analysis with each measurement of quality.





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