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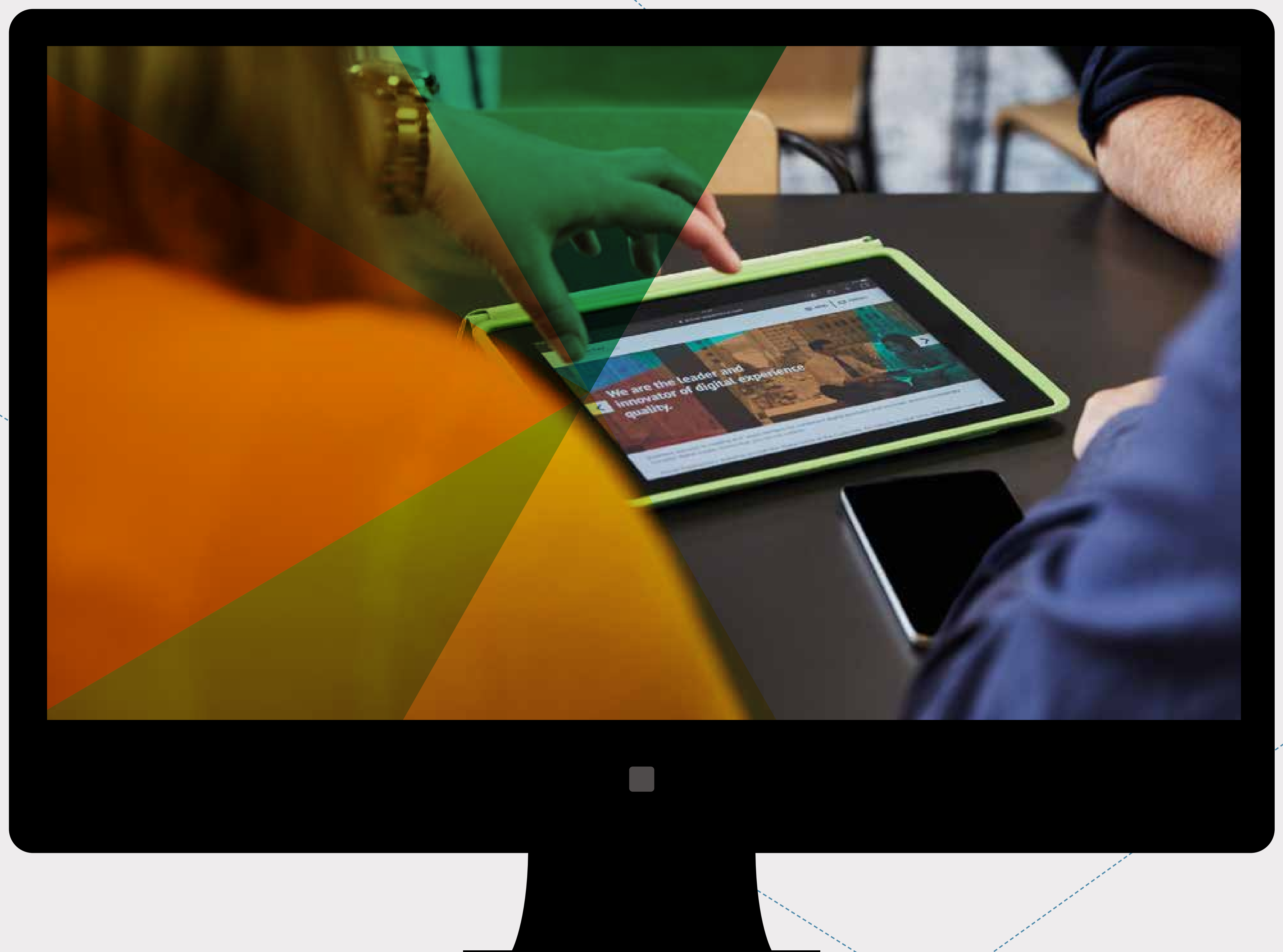


Actual Experience plc
Annual Report
2016

We all experience poor digital quality.

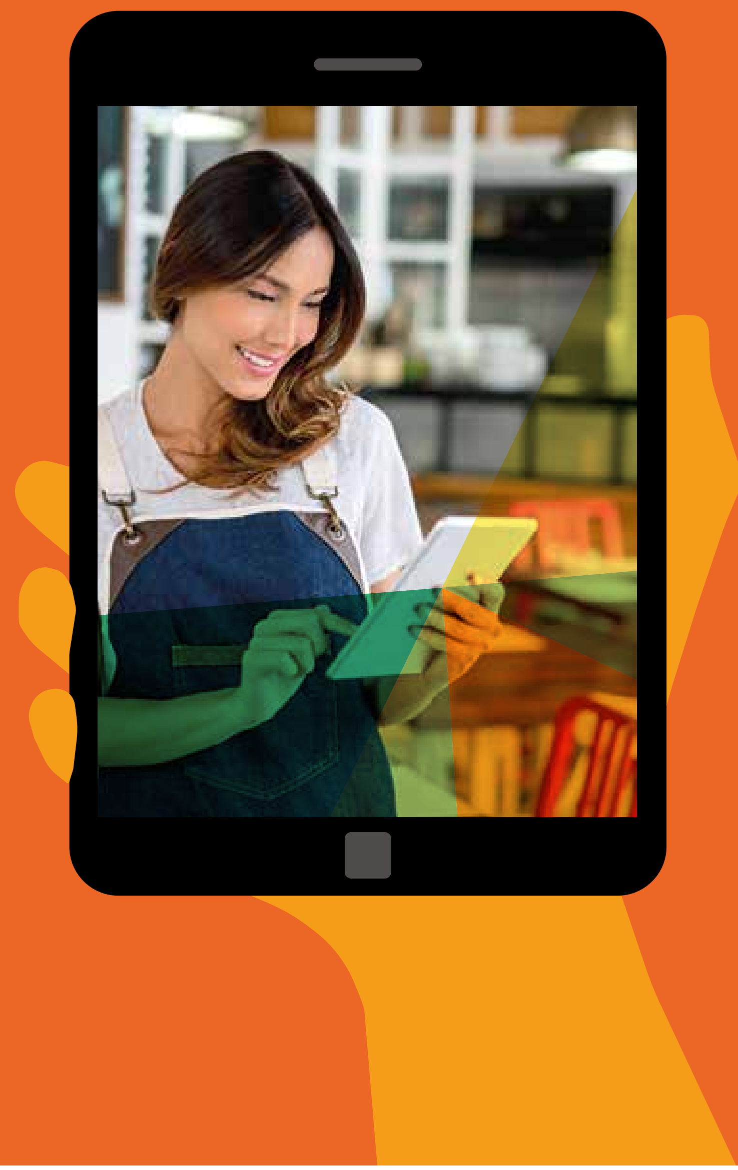
When you're in the middle of an online banking transaction and the page freezes. When your local cinema's booking engine grinds to a halt and staff are left to explain why. When the flight scheduling system goes down and the flight can't take off.

With worldwide ecommerce worth $22.1 trillion[1], few businesses can ignore the brand and productivity effects that poor digital experiences can have on their consumers and employees.

Our analytics tool, Actual Work, analyses the digital supply chains of leading brands around the world. It provides the insight required to bring consistency to the quality of the digital experience for their customers and staff.

Consistent digital experience quality boosts brands and productivity. It enables businesses to get their digital transformation right first time and it creates competitive advantage.

Source:
1 UNCTAD, 2016, New initiative to help developing countries grasp $22 trillion ecommerce opportunity.



Actual Experience is a listed-company on the London Stock Exchange (ACT). Our development headquarters are in Bath, UK and we have sales staff based out of London, Seattle, New York, Washington DC and Atlanta. Actual Experience's unique digital Analytics as a Service, Actual Work, is founded on ten years of cutting-edge research at Queen Mary University of London.

TIMELINE

1999: Professor Jonathan Pitts of Queen Mary University of London works on quality-based approach to voice packet queueing

2001: Dave Page suggests digital Voice of the Customer approach to research

2008: Prof makes the digital Voice of the Customer approach work

Prof and Dave agree to work on developing a business based on the technology

Dave sets up shop in his home basement

2009: Limited company forms and initial convertible loan funding raised

Dave moves the business into an office

Commercial development begins

2010: First customer signed

Stage 1 seed funding raised

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HIGHLIGHTS OF THE YEAR

FINANCIAL

Revenue
£0.72m

Loss for the year
£5.67m

Loss per share
15.21p

Cash
£9.42m

OPERATIONAL

- Signing of a third multi-year framework agreement with Vodafone.
- Subsequent to year end, signing of a fourth multi-year agreement with Accenture.
- Ongoing progress towards commercialisation within two existing channel partners: Verizon Enterprise Solutions and a leading global brand.
- Significant white-labelling project with a Fortune 100 global technology company.
- Continued investment to ensure our readiness for channel partners entering the revenue generation phase. This has included augmenting our leadership team, introducing enhanced structures and processes, moving to a new headquarters, investing in 24x7 customer support, scaling our datacentre operations and creating a global sales structure.
- In preparation for live operation with our global channels, we have increased the focus on scaling and technical security within our datacentres, developed the first mobile Digital User, worked on transforming the User Interface, and continued to improve our algorithms.

2011: Stage 2 seed funding raised

2013: £5m funding and AIM introduction

2015: £16m funding. First channels signed

actual experience

Continued operational and commercial progress

Stephen Davidson
Chairman

"I am delighted to be able to report upon a year of substantial progress at Actual Experience. We entered the year with the objective of building a global channel partner programme and ensuring the business had the infrastructure to support that channel. Both of these objectives have been achieved."

Market and customers

I am delighted to be able to report upon a year of substantial progress at Actual Experience. We entered the year with the objective of building a global channel partner programme and ensuring the business had the infrastructure to support that channel. Working through channel partners, who themselves may have tens of thousands of customers, and being built into their offering provides us with an opportunity to address that vast market. It is on this area that the Company is focused.

Both of these objectives have been achieved. We have now signed Master Services Agreements with four major channel partners, each of whom is progressing towards the point of significant revenue generation, with more to come. Meanwhile, the investment in our people and infrastructure means we have a scalable business, capable of providing 24x7 global channel support.

As is to be expected, it has taken many months of diligent application by our teams to bring these types of partnerships to this point. We have worked closely with our partners to progress the engagements through the various preparatory phases, including product integration, marketing collateral development and partner education. The year has taught us much in this respect and we believe we now have a replicable process, which can be applied to future partners.

While revenues in the year have remained steady, this masks a positive trend which has seen our channel partner revenue increase to 60% of total revenue, up from 33% in the prior year. Once our analytics are being used within our channel partners' customer bases we expect this revenue to increase substantially. While we believe the significant size of our opportunity merits investment, we are committed to good financial management and general cost discipline, resulting in effective cash management.

This operational progress has been achieved against an increasingly positive market backdrop. The Board believes the size and scope of our market opportunity is greater than ever. Digital capability, quality and security are now top boardroom priorities and our analytics and the actionable insight they provide are key to digital quality. We continue to be pleased by the market validation of our technology vision as businesses increasingly recognise the need for consistently high levels of digital experience quality as a critical business enabler for their employees and customers.

Board and employees

We were delighted to welcome Paul Spence to the Board as Non-executive Director in February 2016. Having spent much of his career with Capgemini and its predecessor companies, including the role of CEO of Capgemini Global Outsourcing Services, Paul brings with him a wealth of knowledge and extensive international experience which will be important as we seek to develop our geographical reach.

As I noted in my report last year, Robin Young stepped down from his position as Non-executive Director to assume an operational role at the Company, being appointed Chief Operating Officer with effect from October 2015. Under his leadership the business has undergone significant operational change, ensuring we have a scalable business capable of supporting our customers globally.

I would like to take this opportunity to thank our employees for their passion and commitment to ensuring the success of Actual Experience, and our customers and shareholders for their ongoing support.

Outlook

The focus of the year ahead will be on delivering the significant revenue potential of our existing channel partners while signing further global partners. We will continue to invest in the scalability of our technology, infrastructure and people.

While much remains to be done, the Board is pleased with the progress made by the business in positioning itself to continue to pioneer its leadership of the digital experience quality market and continues to be excited by the scale of the opportunity. The Board believes that Actual Experience is well positioned to execute on this opportunity and looks forward to another year of significant advances.

Stephen Davidson
Chairman
18 January 2017

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Digitising the enterprise is the biggest challenge and opportunity for most businesses

"Digital transformation isn't a technology initiative, it's a business strategy."

Robert Parker
Group VP, IDC

WHAT WE DO

"By 2018, two-thirds of CEOs at companies on Forbes' list of The Global 2000 will include a digital strategy in their business plan."

IDC FutureScape for Worldwide Digital Transformation, 2016

We expect to be able to explore, share and transact online at work, at home, on the move, with a laptop, tablet, or mobile device. We pay bills using secure online banking, we browse and purchase from trusted retailers, and watch videos on demand.

When these products and services work we think nothing of it. When they don't work we quickly get frustrated: the shopping basket that freezes on checkout, the picking order that gets 'held up' between the retailer and the warehouse, the returned package that can't be traced.

In our professional lives, the delays with systems not only frustrate us but cost the business in productivity. Timesheets, booking systems, inventories, databases that don't load, or take an age to process. All while we tap our fingers, do something else, come back to it, or grumble at the screen. Those of us on the customer frontline are charged with pacifying the customer: "I'm sorry, it's taking a while to load today. Bear with me."

As consumers we try to diagnose the problem ourselves: is it the wifi, the application, the website, the device we're using? We wonder why some products and services seem always to work while others are inconsistent. We think less of the brands providing those services. Poor digital experiences can translate to loss of customer loyalty and advocacy, two key metrics which impact revenue.

This inconsistent digital experience threatens the ambitions of today's businesses. Ecommerce revenues worldwide are already generating \$22.1 trillion[1], with B2B contributing \$19.9 trillion[1] and B2C \$2.2 trillion[1] of those transactions. Combine that with businesses worldwide spending \$2.6 trillion on their IT infrastructure and 63% of CEOs intending to increase their IT and digital investment. The stakes are high and unpredictable digital experience quality threatens all of this.

A consistent digital experience is possible for digital products and services. This is the problem we at Actual Experience solve.

At Actual Experience, we are focused on service providers as channels to take our product to market. Our product, Actual Work, enables service providers to significantly reduce the time it takes to pinpoint digital experience issues. Being built into the service providers' offering for their own customers provides Actual Experience with an opportunity to address a vast market.

Our products

actualwork

Actual Work analyses the digital supply chains of leading brands around the world. It provides the insight required to bring consistency to the quality of the digital experience for their customers and staff.

MARKET TRENDS

The opportunity is big

\$22.1 trillion
Ecommerce market:
The global ecommerce market, which includes both business to business (B2B) and business to consumer (B2C), is worth \$22.1 trillion[1]. B2B transactions account for the largest share of ecommerce revenue at \$19.9 trillion, with B2C revenues at \$2.2 trillion.

\$187 billion
Data & analytics:
Data is the driving force underlying market disrupters such as ride-sharing service Uber. Data and analytics projects dominated the top of Information Week's Elite 100[3] list and IDC's recent forecast for this market shows significant revenue growth[4], to \$187 billion, over the next five years.

\$2.6 trillion
IT infrastructure spend:
Businesses worldwide will spend \$2.6 trillion[2] on their IT infrastructure – the services and components that make up the digital supply chain and which underpin the digital experience.

\$369 billion
Digital transformation:
The global digital transformation market is expected to grow at a CAGR of 19.6% to \$369.22 billion by 2020[5]. Digital transformation is helping enterprises to streamline their business processes to achieve optimal output and improve customer relationships.

Digital moves from an IT issue to business challenge

79%
Digital experience:
Sixty-seven percent of CEOs are concerned about customer churn related to digital experience and seventy-nine percent of CEOs consider a consistent, high-quality digital experience to be essential to the success of the business[9].

77%
Technology:
The speed of change will be exponential and fuelled by technology. Technology-related change is the number one priority for CEOs and seventy-seven percent are concerned about whether their organisation is keeping up with new technologies. Data and analytics will be a top area of investment over the next three years[6].

60%
Growth:
Sixty percent of Boards will be spending more time on digital[7]. They expect digital initiatives to deliver annual growth and cost efficiencies of 5-10% or more in the next three to five years[8].

41%
Critical change:
Forty-one percent of CEOs anticipate that their company will be significantly transformed over the next three years. According to 72 percent of CEOs, the next three years will be more critical for their industry than the last 50 years[6].

32%
Revenue threats:
Board members estimate 32% of their company's revenue will be under threat from digital disruption in the next five years[7].

See page 63 and 64 for sources and glossary.

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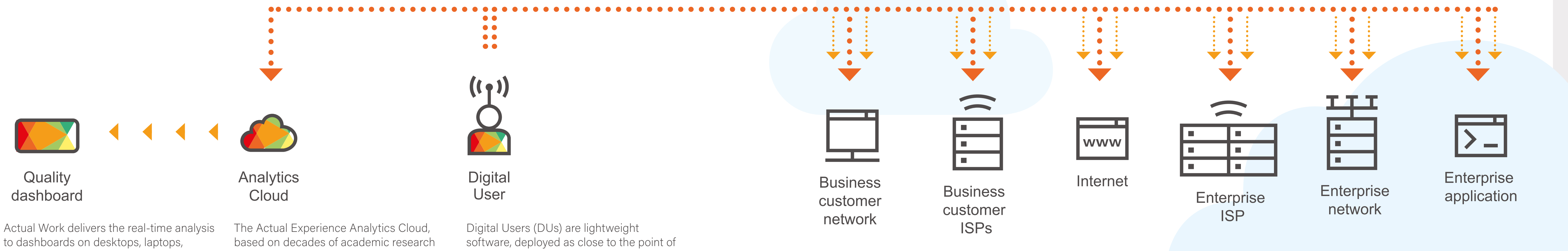
HOW WE DO IT



Actual Work delivers the real-time analysis to dashboards on desktops, laptops, smartphones and tablets. The data is clearly and intuitively presented at the level required. Our analytics provide high level scores, full quality history and supplier behaviour, with all the detail from the supporting rich data.

The Actual Experience Analytics Cloud, based on decades of academic research and patented technology, receives data from the Digital Users to provide an objective score of digital experience quality. The analytics show how well digital products and services are working right now and across time, and why services are behaving that way. We charge by analytic capacity.

Digital Users (DUs) are lightweight software, deployed as close to the point of use as possible to represent user types for digital services. They receive instructions, make standard measurements to invoke different components of a digital service architecture, and send the results to the Analytics Cloud for processing. DUs are free and unlimited.

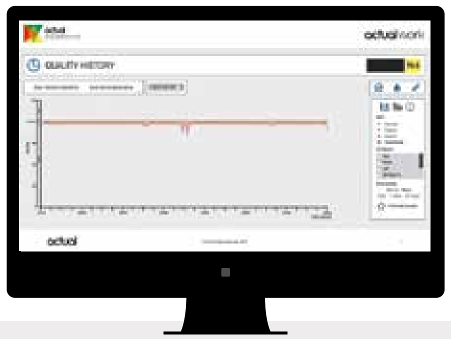
HOW IT WORKS IN PRACTICE

As part of their digital transformation, businesses around the world spent more than $2.6 trillion on their IT infrastructure last year, according to Gartner[2].

However, even the world's most recognised digital products and services still offer an inconsistent experience to customers and end users. This variability at the heart of the world's digital economy is frustrating customers and eroding business revenue.

We used Actual Work to monitor variability on the digital supply chains of some of the world's largest brands in the US and UK. In February and March 2016 we analysed 108 brands from a variety of industries including banking, video streaming, gambling, retail, ecommerce and travel.

Our analytics showed a small handful of those brands managed to deliver a consistent experience even across the internet. Perfect experience looks like this on the Actual Work dashboard: an almost flat line, with little variability. A perfect quality score of between 77 and 81 means your digital products are fit for purpose. Your digital supply chain is lean. Your investments in customer experience are effective.



A score above 80 means you are over-invested in your supply chain and your customers or staff will not benefit. A score below 60 means customers and staff start to give up, yet other diagnostic tools will not see this.

A consistent experience is uncommon. The analytics show that the digital customer journey is highly variable falling below 'perfect' for all but a few of the brands we looked at. Here is an example of a more typical poor experience which is high in variability.

This inconsistency can leave customers with an unreliable digital service. At its worst, it can result in customers not being able to properly access digital products and services.

Business leaders acknowledge that digital experience quality is critical to business success. Yet customers and employees experience variability. Leaders[8] globally are confident they are focusing on the right things to reduce the variability of

the experience people are having. Some however believe they cannot affect the quality because the product or service is delivered over the internet, which they cannot control end-to-end.

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OUR TECHNOLOGY

"We believe there are more than 800 service providers around the globe with revenue opportunities similar to the agreements with our four publicly announced partners."

ACTUAL'S ABILITY TO MEET DEMAND: TARGET MARKETS

In 2016, we have focused on channel partners, in particular providers of services to large enterprise.

Current focus

Service providers selling to large enterprise

Cloud service providers selling to large enterprise

Our approach has changed. The business focus is now almost entirely targeted at channel partners. In the months since our fund raising exercise in June 2015, we have built our business out in readiness for channel production.

Emerging focus

Home broadband providers selling to consumers

Mobile broadband providers selling to consumers

Cloud service providers selling to consumers

Our focus with direct enterprise customers has shifted from revenue generation to using their feedback to define new requirements for the Actual Work product roadmap. This means we can better support the service provider channel with their customers. We also have a base of consumers using our Actual Home product which diagnoses issues with broadband and wifi in the home. We are investing in this as the opportunity emerges.

Case study: MSP & retailer

Network issues impacted in-store staff productivity, revenue and customer service across Asia for this retailer. With the Managed Service Provider held responsible, they agreed a costly WAN hardware upgrade.

The MSP subsequently used Actual Work's analytics to establish that local network access – outside the MSP's control – was the cause. This insight proved pivotal in saving the retailer from investing in an upgrade that would not have solved the problem, enhanced their confidence in the MSP and deepened their commercial relationship.

See page 63 and 64 for sources and glossary.

Businesses worldwide IT infrastructure spend in 2015

$2.6 trillion[2]

By 2019 digital revenues will double to

41%[2]

HOW OUR SERVICE PROVIDER PARTNERS USE US

How are our service provider partners using digital experience quality analytics?

Our digital experience quality analytics tool enables service providers to deliver a consistent and reliable digital experience for their enterprise customers across complex global digital supply chains. Our service provider partners use Actual Work to drive service innovation and create competitive advantage, whilst enabling Enterprises to boost productivity and enhance brand reputation. Actual Work enables service providers to:

01

Reduce the causes of digital experience issues: analysing and finding problems in the global digital supply chains comprising hundreds of technologies and suppliers, Actual Work's insights enable service providers to reduce the time required to pinpoint and resolve digital experience issues, reduce their cost of service, and improve customer satisfaction.

02

Get deployments right first time: verifying the consistency of new services before they are deployed, Actual Work's insights enable service providers to eliminate the costs associated with diagnosing and fixing experience problems, and to boost brand reputation.

03

Continually improve operations: enabling service providers to analyse every aspect of their operations, Actual Work's insights help them to improve consistency while optimising the right assets and targeting investment.

04

Differentiate & innovate: helping service providers to focus on the quality of the digital experience they are providing, Actual Work's insights enable them to differentiate their services in a highly competitive market, strengthening customer relationships and making new business more compelling. In addition, our insights empower service providers to have a unique and very different customer conversation which goes beyond their traditional service provider remit and opens up new revenue streams.

Case study: SP & financial services client

Inconsistent digital experience threatened the reputation of this service provider as it rolled out a new service to its global financial services client's multiple geographies. Traditional monitoring tools failed to find the problem.

The service provider used Actual Work's analytics to rapidly pinpoint exactly the failing component. To the financial services client's surprise, the issue sat in their own IT. The service provider is using Actual Work's analytics to accelerate its digital transformation programme.

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Developing high value intellectual property into service provider propositions

HOW WE GENERATE VALUE

We have an annuity revenue model for our Analytics as a Service.

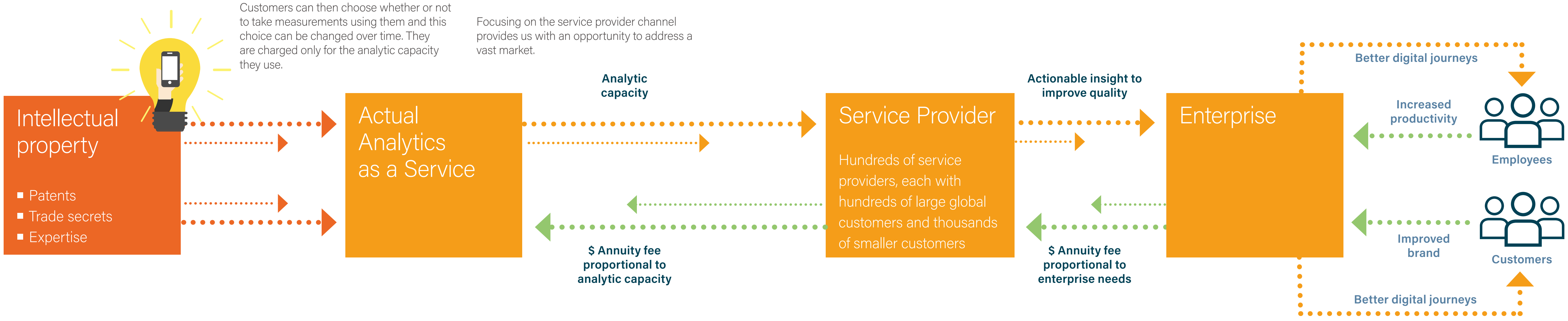
We sell our service provider channels analytic capacity in our cloud. The greater the required capacity, the greater the charge.

For a service provider's multinational enterprise customer, the analytic capacity may generate in excess of $500k per annum. Our service providers have hundreds of multinational customers and thousands of small and medium-sized business customers.

Our Digital User software is free and unlimited. This enables customers to install them wherever they may need them. Customers can then choose whether or not to take measurements using them and this choice can be changed over time. They are charged only for the analytic capacity they use.

Deployment happens over a period of time. Full adoption by a service provider channel may take three to five years. As part of this adoption, service providers build Actual Work into their offerings to their own customers, of which they typically have between several hundreds and tens of thousands. A service provider's customers may achieve full maturity within six to eighteen months, with some rolling out faster and some more slowly.

Focusing on the service provider channel provides us with an opportunity to address a vast market.



KEY COMPETITIVE STRENGTHS

Patents

Actual Experience's unique digital Analytics as a Service is founded on ten years of cutting-edge research at Queen Mary University of London, led by Professor Jonathan Pitts, our Chief Science Officer.

USPTO (United States Patent and Trademark Office) and SIPO (State Intellectual Property Office of the People's Republic of China) have granted us the patents. We are patent pending with European Patent Office (EPO).

Trade secrets

Our trade secrets are in our Analytics Cloud, making algorithms work in the real world. For example, we had to make Professor Pitts' original algorithms work more than one thousand times faster than the original maths formulation. We have spent seven years since forming the Company developing the algorithms inside our datacentres.

Channel go to market

Our approach to market with our Actual Work Analytics as a Service is through large national and multinational channels, primarily service providers who have a common set of needs. Our Analytics as a Service is being embedded into their products and services. This builds references for other prospective service providers during the sales cycle and strengthens relationships with our partners.

Differentiated product

Actual Work benefits from key differences making it appropriate for use by global enterprises. Firstly, we have developed a way of getting our Digital Users to take measurements across the entire digital supply chain for the service. All other tools on the market just look at one particular part.

Secondly, other tools measure network or application system parameters to help monitor system performance. Following a decade of academic research at Queen Mary University of London, we have developed algorithms that transform system parameters into a reliable proxy for human experience of a digital service. This enables digital experience to be managed for the first time.

Core enablers

First mover advantage
We researched and invented digital experience quality. Our ability to analyse across the entire digital supply chain from the end user's perspective is unique.

Deep technical knowledge
Our mathematical and engineering expertise is unmatched right now in the market. We have invested heavily in developing the algorithms that enable our analytics to interpret the world through a human lens and provide actionable insights to our customers.

Innovative culture
We encourage a supportive, no-blame working environment, which enables our teams to take their thinking right to the edges of what's possible. This culture of innovation underpins our ability to move quickly and drive the business forward relentlessly at pace.

Scalable business model
Our business is structured around supporting our channel partners who operate around the world, 24 hours a day.

We are building a business that can execute at scale with sufficient yet light-weight processes which enable us to operate safely and properly with these channel partners. Aligned to this, we operate a globally coordinated sales leadership for all go to market activities.

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Our goal is to enable businesses to continuously develop better digital experience quality for everyone

OUR STRATEGIC PRIORITIES

We are focused on technology service providers who support their customers' digital business or deliver digital solutions directly to enterprises.

01 Prioritise channel development

Focusing on service provider partners for Actual Work opens up the benefits of our analytics tool to their enterprise customer base, helping us deliver on our goals faster and more fully.

02 Scale up the business

Our key focus has been to scale up the business to be ready for channel production. In the months since our funding in June 2015, we have:

- Scaled our staff from 23 to 57 people
- Strengthened our leadership team
- Introduced new structure, processes and 24x7 support
- Opened a new headquarters in Bath, the engine room for our R&D and Operations
- Focused on security and datacentre scaling
- Maintained a strong balance sheet

03 Expand our resources

Our goal has been to scale our operational capability by recruiting additional expertise in Support, R&D, DevOps and Sales. We have expanded in line with pipeline development, with a keen focus on good fiscal management.

04 Continue to invest in our technology

To support live operation with our global channels, we have:

- Increased the focus on scaling and technical security within our datacentres
- Developed the first mobile Digital User, which is undergoing a testing process
- Focused design and customer experience work on transforming the User Interface (UI). The goal is to simplify the UI and continue the thrust towards self-service by decreasing the skill level required to use our service
- Continued to tune and improve our algorithms to keep pace with developments in the digital world

Case study: MSP & airline

Variable digital experience impacted staff productivity for this large regional airline whose airports are in remote areas where traditional connectivity is unreliable.

Using Actual Work's analytics, the Managed Service Provider proactively drove a different conversation with its client. The insights demonstrated that wireless 4G connectivity would positively impact the digital experience. The MSP switched the airline to 4G, resulting in cost savings and a step-change in productivity.

Case study: MSP & Bank

This global bank's online banking service customers were experiencing poor digital quality. The MSP was held responsible. The situation escalated to the highest levels in both businesses as engineers scrambled to resolve the issue.

The MSP used Actual Work's analytics to quickly ascertain the bank's application was to blame, to the bank's scepticism but later agreement. This saved the MSP millions of dollars in overtime. The MSP is building Actual Work into all client contracts.

Considerable progress in the year across many areas of our operations

Dave Page
Chief Executive Officer

"We have performed well against our stated strategic objectives … as evidenced by the growing number of channel partners and the strengthening relationship with each."

Introduction
2016 has been a year of significant progress for Actual Experience. We have considerably enhanced our scalability as a business while receiving strong market endorsement for our digital analytics service through the signing of an additional major channel partner agreement which, combined with a further agreement announced following the end of the year, brings the total to four major channel partners. These agreements mean that some of the world's largest services companies, such as Vodafone, Verizon and Accenture are now actively preparing to take our offering out to their global customer bases, either directly or integrated within their offerings.

We have performed well against our stated strategic objectives during the year, as evidenced by the growing number of channel partners and the strengthening relationship with each. Since completion of our fund raising exercise in June 2015, our efforts have focused around ensuring our readiness for these channel partners to enter the revenue generation phase. This has included augmenting our leadership team, introducing enhanced structures and processes, moving to a new headquarters, investing in 24x7 customer support, scaling our datacentre operations and creating a global sales structure. This has all been completed while deepening our relationships with our existing channel partners; moving them through the stages towards production, as well as securing new partnerships.

Having built the operational machine, the focus for the current year will be on execution through our current partners, developing our pipeline of additional channel partners and the emergence of key business metrics against which the progress of our Company can be judged.

Strategy overview
In 2016, our strategy transitioned towards achieving market penetration for our enterprise offering, Actual Work, via channel partners. We are initially targeting service providers, who sell to large enterprises. A secondary tier of targets will be home broadband and mobile broadband and service providers selling to consumers.

Our digital Analytics as a Service is being embedded into their processes and products, enabling service providers to deliver a consistent and reliable digital experience across complex global digital supply chains for enterprises, their customers and employees.

We sell our service providers analytic capacity in our cloud. The greater the required capacity, the greater the charge. For a service provider's multinational enterprise customer, the analytic capacity has the potential to generate in excess of $500k per annum for us.

Our channel partners have hundreds of multinational customers and thousands of small and medium-sized business customers.

Whilst the opportunity is significant, these channel partners take time to reach maturity. With the channel's individual customers taking between six and eighteen months to fully adopt, we anticipate our channel partners to achieve full deployment within three to five years.

We continue to maintain a small base of important direct enterprise customers for Actual Work and consumer customers for our consumer product, Actual Home. Our focus with direct enterprise customers has shifted from revenue generation to using their feedback to help develop Actual Work. This means we can better support the channel with their customers. Direct revenue has reduced in the year due to this transition.

We also have a base of consumers using our Actual Home product which diagnoses issues with broadband and wifi in the home. We are investing in this as the opportunity emerges.

Market opportunity
The service provider market for our proposition is large. We believe there are more than 800 service providers around the globe with revenue opportunities similar to those anticipated with our four publicly announced channel partners.

Our traction with this target audience indicates a gap in the market, and a growing need, for our Actual Work product.

We are seeing our channel partners benefit from our Analytics as a Service, using it to drive service innovation and create competitive advantage, whilst enabling their own enterprise customers to boost productivity and enhance brand reputation.

In addition, the underlying trends are in our favour, with market statistics indicating a strong focus on investment in infrastructure to underpin digital initiatives and a shift in responsibility for digital transformation from IT to the Chief Executive's office. We believe this suggests that digital transformation is becoming a strategic imperative where investment is growing.

The performance management tools market is therefore growing, with new players continuing to enter. However Actual Work benefits from key differences making it appropriate for use by global enterprises. Firstly, we have developed a way of getting our Digital Users to take measurements all the way down the delivery chain of the service. All other tools just look at one particular part.

Secondly, other tools measure network or application system parameters to help monitor system performance. Following a decade of academic research at Queen Mary University of London, we have developed algorithms that transform system parameters into a reliable proxy for human experience of a digital service. This enables digital experience to be managed for the first time.

Being able to do those two things mentioned above is extremely difficult. Others have tried and failed. We firmly believe that, in order to create a solution of similar quality and with such far reaching effect would take a similar period of research, by which time our own offering will have continued to evolve and be deeply embedded within our partners' customer bases. Actual Experience's products also benefit from high levels of patent protection which further strengthen its competitive advantage.

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Actual Experience's analytics service has far-reaching applicability, with the potential to benefit any organisation with a digital business or footprint.

Operational review
We have made considerable progress in the year across many areas of our operations:

Leadership and structure
Two highly experienced individuals joined our leadership team in the year, Rachel Fairley as Chief Marketing Officer and Robin Young as Chief Operating Officer. Robin's background in FTSE 250 companies has provided us with the skill-set to transition the business from early stage to a business ready for service with some of the world's largest organisations. Rachel brings considerable experience in brand building which will be important as we grow our global presence. We have introduced greater levels of structure to the business enabling us to continue to operate smoothly while growing our employee base from 33 at the start of the year to 57, bolstering our expertise in R&D, Operations, and Sales and Support, with further growth to come.

Global sales
We have shifted from an early-stage theatre-based sales execution to a globally coordinated global sales leadership for all go to market activities. This is specifically designed to allow us to interact efficiently and effectively with our large, global channel partners.

Product development and testing process
We have invested in security and scaling within our datacentres. In addition, we have continued to evolve our Actual Work service during the year, focusing on the design and user experience to simplify and continue the thrust towards self-service and the lessening of skill requirements to use the service. The first mobile Digital User has been developed and is undergoing testing. We have spent time on the continuous enhancement of our algorithms. We are constantly tuning and improving our algorithms as the digital world evolves.

As part of the preparedness for live operation with our global channel partners, we have increased our focus on security, not only at our datacentres but also all buildings and processes.

The year ahead will see us bring the new User Interface into production. We will continue to invest in security and scaling within the datacentres, in the ongoing evolution of our algorithms, and the launch into production of our first mobile Digital User.

Marketing
Our marketing strategy has aligned closely to business strategy and we have shifted our focus towards service providers as potential channel partners. During 2016, we refreshed our brand and continued to create the category 'digital experience quality' for our brand to occupy. Whilst brand and category building remain important for the service provider market, our priority is now shifting towards targeting initiatives that enable and accelerate sales traction within specific prospective and existing channel accounts.

Channel partner update
Actual Experience's analytics service has far-reaching applicability, with the potential to benefit any organisations with a digital business or footprint. We intend to service the global business markets primarily through channel partners, but will maintain select direct customer engagements.

Actual Experience has signed multi-year framework agreements with four global technology businesses and a significant white-labelling project with a Fortune 100 global technology company.

Our channel partners incorporate the Company's capabilities in one or more of the following methods:

- Analytics services sold through the channel to the channel's corporate customers as standalone product;
- Analytics services incorporated in a technology product or portfolio and sold to the channel's customer as part of the product; or
- Analytics services incorporated in large, complex partner agreements, all with the ultimate goal to better serve the channel partner's customers or to improve their customers' digital experience.

Typically, for all categories, the signing of the Master Services Agreement is the start of a complex, multi-phase implementation process, prior to significant revenue generation. This can involve productisation, the development of marketing materials, sales team training and, ultimately, the building of a sales pipeline.

New agreements signed in the year
In January 2016, Actual Experience received a significant order to white label the Company's service for a Fortune 100 global technology company.

In March 2016, the Company signed a five-year framework agreement with Vodafone. Actual Experience's digital experience quality analytics will be integrated into Vodafone's long-term quality improvement processes and key performance indicators, across Vodafone's enterprise and consumer markets, products and services.

The two agreements signed prior to the period under review were a three-year agreement with Verizon Enterprise Solutions (September 2015) and a three-year agreement with a Top 100 global brand (May 2015).

Following the close of the year, we announced the signing of a Global Framework Agreement with Accenture.

Implementation update
All of the five agreements mentioned above are at various stages within the implementation process, with Verizon Enterprise Solutions being the most advanced. We have been encouraged by the scale of their growing sales pipeline.

Looking to the future, we are now in the position for the first time to be able to state that we believe one or more of our channel partners will generate significant revenues within the current calendar year. We anticipate adding further global businesses to our channel partner roster in the year ahead.

Current trading and outlook
The channel partner agreements that we have signed and the sheer size of the pipeline for potential customers that each represents, we believe, vindicates the Board's decision to focus our sales efforts solely on channel partners rather than through selling direct to individual customers. The lead times are naturally longer and revenues may be impacted in the short term as one-off set up costs borne by each channel and direct revenues are steadily replaced with annuity income from end customers. However, revenues to date bear no resemblance to the market opportunity nor to the progress being made within each of our agreements, and it is this progress that underlines our belief that we are on the right path towards building a business of real scale.

Dave Page
Chief Executive Officer
18 January 2017

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FINANCIAL REVIEW

Steve Bennetts
Chief Financial Officer

"60% of revenue was derived from sales to channel partners (2015: 33%) with the balance coming from direct sales. This increased percentage reflects the Group's strategic focus on generating revenue growth from its channel partners."

Revenue

Revenue recognised in the year ended 30 September 2016 was £716,346 (2015: £700,449) and relates to the supply of analytical services and associated consultancy activities to customers. 60% of revenue was derived from sales to channel partners (2015: 33%) with the balance arising from direct sales. This increased percentage reflects the Group's strategic focus on generating revenue growth from its channel partners.

Gross profit/(loss)

As noted in the Chief Executive's Statement, the Group has made a significant investment during the year to establish the infrastructure required to fully support its channel partners, including the establishment of a 24x7 support centre. The set-up costs of this support infrastructure resulted in a gross loss for the year of £238,466 (2015: profit of £193,266).

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, and finance and administration costs totalled £5,806,299, an increase of £3,188,620 compared to the prior year. This increase reflects the continued investment made by the Group in technology development and customer-facing teams. Personnel costs continue to be the largest expense and represent approximately 62% of the Group's cost base. The functional cost breakdown is as follows:

	2016 £	2015 £
Research and development	**1,215,950**	600,789
Operational support	**476,912**	–
Sales and marketing	**3,320,447**	1,110,159
Finance and administration	**792,990**	906,731
Total	**5,806,299**	2,617,679

Tax

The tax credits recognised in the current and previous financial year relate to R&D tax credit claims.

Foreign exchange

The Group is subject to currency fluctuations as a result of its US operations. Primarily related to the EU referendum in June 2016, foreign exchange gains of £144,889 (2015: £448) were recorded in operating expenses. These gains were primarily driven by US dollar cash deposits held.

A translation loss of £105,310 (2015: loss of £4,684) was recorded in the Consolidated Statement of Comprehensive Income due to the elimination of intercompany charges on consolidation.

Loss for the year

Losses after tax for the year ended 30 September 2016 totalled £5,671,072 (2015: loss of £2,225,455). These losses are primarily generated by employee costs and related expenses.

Loss per share

The loss per share for the year was 15.21p (2015: loss of 7.12p). Earnings per share have been impacted by the increases in operating costs.

Dividend

No dividend has been proposed for the year ended 30 September 2016 (2015: £nil).

Cash flow

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 2016, and in line with expectations. The Group's costs are mostly operating related, with very little investment required for capital infrastructure.

Cash used by operating activities was £5,210,287 for the year, compared to cash used of £1,973,356 for the year ended 30 September 2015. This operating cash requirement was substantially funded by cash reserves and the Group ended the year with cash and cash equivalent assets totalling £9,415,886 (2015: £15,275,222).

Software development capitalisation

The Directors believe that the software development capitalisation criteria in IAS38 have been met and accordingly development costs, net of amortisation charges, of £516,041 have been capitalised as at 30 September 2016 (2015: £366,386).

Accounting policies

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards. The Group's significant accounting policies have been applied consistently throughout the year and are described on pages 38 to 41.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are set out on pages 20 and 21.

Key performance indicators

As the Group is in the process of development and commercialisation of its services, the Directors consider the key quantitative performance indicators to be sales revenues of £716,346 (2015: £700,449) and the level of cash and cash equivalents held in the business of £9,415,886 (2015: £15,275,222). The Board performs regular reviews of actual results against budget, and management 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 data analytics and 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 Group'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 2016 the Group employed 57 people in three offices (2015: 33 people), of which 45 were male and 12 were female. As at the date of this document of the seven senior members of management, one is female.

Directors

Details of the Directors who served during the year ending 30 September 2016 are noted in the Remuneration Report. All seven of the Directors serving on the Board at the year end were male.

On behalf of the Board.

Steve Bennetts
Chief Financial Officer
18 January 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management Framework

In common with all businesses Actual Experience is exposed to risks and uncertainties as an inherent part of creating value for its shareholders.

The Board recognises that effective risk management is fundamental to the Group's ability to meet its strategic objectives and it is the Board's responsibility to ensure that risk is appropriately managed across the Group. Following a review during the year the Board approved an enhanced Risk Management Framework: fundamental to this are the formation of a Risk Committee and the establishment of a new comprehensive Risk Policy. The focus during 2017 will be to continue this momentum and ingrain risk management activities into all aspects of our business.

The Risk Committee is chaired by Non-executive Director Paul Spence and has functional representation from senior management, including the CEO and CFO. The Committee meets approximately once per quarter and reports their findings to the Board.

The Risk Policy defines how and at what frequency risks shall be reviewed. A monthly risk management team has been formed with participation from key operational managers. Each representative is responsible for the evaluation and implementation of risk mitigation within their functional areas.

It is the responsibility of the monthly risk team to maintain the master risk register. This register lists recognised risks and categorises them into risk themes. Resource and mitigation priorities are assessed based on likelihood and impact of risk occurrence.

Actual Experience Board (Risk Related Activities)

- Agrees risk governance framework
- Sets level of risk appetite
- Approves Risk Policy

Board Risk Committee

Terms of reference

- Reviews Risk Management Framework and effectiveness
- Reviews key residual risk
- Recommends to Board appropriate levels of risk appetite
- Recommends changes to policy

Risk Management Team

- Operational review and management of risk
- Allocation of risk to owners and agree risk assessment
- Implementation of risk mitigation
- Funding and resource allocations

Master Risk Register

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Principal Operational Risks

The key challenges, risks and uncertainties facing the Group arise from the early stage of the Group's maturity, the anticipated rapid growth in its operations, and the constantly changing nature of associated technologies such as mobile telephony and cloud computing. The Group's financial risks are detailed in note 3 to the consolidated financial statements. The Board considers that the principal operational risks relating to Actual Experience's ability to achieve its strategic operations are as follows:

Description of risk	Mitigation of risk
Technology ownership, change and competition Fundamental to the Group's business is a combination of patents and know-how. Our success will, in part, depend on our ability to maintain adequate protection of this intellectual property and know-how. Our revenue and profitability are affected by the extent to which there is increasing requirement for, and development by our competitors of, additional product features and capabilities. Significant investments are made in new product development to address these requirements, 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 features, 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 operational results.	**Product protection and innovation** The Group retains the services of a leading patent attorney and ensures that all reasonable steps are taken to protect its patented technology. In addition, enhanced procedures have been introduced to ensure that critical know-how is identified and recorded, with appropriate controls over access to these records. 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 Group maintains its technology leadership in the evolving digital experience quality 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 developed internal processes for prioritising and reviewing our development projects.
Managing rapid growth The anticipated rapid growth of our business 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 impact on our financial position.	**Investing in operational excellence** The Board and management are continually reviewing and enhancing our internal controls and processes. A critical objective of this analysis is to ensure that capability to scale operations is a core consideration within each business function, and that all functions interoperate efficiently as required to deliver and support our services at scale.
Acceptance of the Group's analytic services and pricing model The Group is at an early stage of development and its ultimate success will depend on the acceptance of its analytic services and pricing model by channel partners. Successful engagement with large channel partners typically requires the completion of an extensive on-boarding process and the timescales for this are both lengthy and time consuming.	**Developing improved customer engagement practices** Management has acquired considerable experience in partnering with large channel partners and seeks to apply best practice learning to drive efficiencies and improve its operational capabilities. While prioritising sales efforts on channel development the Group will continue to maintain a number of direct customer engagements to ensure a thorough understanding is maintained of both evolving digital experience quality management practices in the enterprise sector and the pricing characteristics of this service.
Dependence on key executives and personnel, and recruitment and retention of new talent The Group is dependent on its senior management and skilled technical personnel. Whilst much of the Group's 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 Group, there can be no guarantee that those individuals will not join competitors or establish themselves in competition with the Group in the future. Failure to retain the services of any of these people may adversely affect the Group's ability to achieve its commercial objectives. In addition, the Group continues to expand rapidly and intends to recruit new employees in the UK and other countries. It is essential that the Group is able to attract employees of a high calibre to drive its future success.	**Strengthening of the human resources function** The Group's human resources function is led by an experienced consultant and continually seeks to optimise its recruitment activities and improve its employment practices. The Group believes that share-based compensation is a critical element of its ability to attract, retain, and motivate key talent and will continue to issue options in accordance with its policy in this area. The Group is in the process of introducing a defined contribution pension scheme and will add other employee benefits as required to ensure it remains competitive with market practice. Investment will continue to be made in human resource systems and procedures to ensure compliance with legislation and effective interactions with employees.
Information security The Group 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.	**Effective protection of information security and data integrity** The Group 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 continues to be strengthened by the enforcement of enhanced security processes and practices. The level of monitoring performed on the production cloud infrastructure is reviewed regularly to identify any areas that require improvement. 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 off-site backups, and disaster recovery and business continuity plans are in place to ensure robust sustainability of operations.

BOARD OF DIRECTORS

Stephen Davidson
Non-executive Chairman

Appointed to Board:
February 2014

Independent:
Yes

Board Committee Memberships:
Executive Board – Chairman
Remuneration Committee – Member
Nominations Committee – Chairman

Stephen is currently Non-executive Chairman of JSE and AIM-listed Datatec Limited, Non-executive Director of Inmarsat plc, Informa plc, Restore plc and Jaywing plc. In his earlier career, Stephen was CFO, then CEO, of Telewest Communications plc and Vice Chairman of investment banking at WestLB Panmure.

Dave Page
Chief Executive Officer

Appointed to Board:
February 2014

Independent:
No

Board Committee Memberships:
Executive Board – Member
Nominations Committee – Member
Risk Committee – Member

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

Appointed to Board:
February 2014

Independent:
No

Board Committee Memberships:
Executive Board – Member
Risk Committee – Member

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 technology companies where he gained valuable international experience as well as leading the 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; a highlight of this period included the trade sale of Content Technologies for approximately $1 billion.

Robin Young
Chief Operating Officer

Appointed to Board:
September 2014

Independent:
No

Board Committee Memberships:
Executive Board – Member
Risk Committee – Member

Robin was appointed Chief Operating Officer in October 2015, having previously joined the Board as a Non-executive Director in September 2014. Robin 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.

Sir Bryan Carsberg
Non-executive Director

Appointed to Board:
July 2014

Independent:
Yes

Board Committee Memberships:
Executive Board – Member
Audit Committee – Chairman
Remuneration Committee – Member

The former Director General of OFT and Oftel, Sir Bryan Carsberg brings to the Board vast experience of the communications industry. He was instrumental in introducing competition regulation in the telecoms industry, has held Board positions with Cable & Wireless Communications plc, Inmarsat plc and RM plc, and in 2002 was Expert Adviser to the Joint Parliamentary Committee to undertake pre-legislative scrutiny of the proposed new Communications Bill, now the Communications Act, 2003. His expertise will be particularly valuable in Actual Experience's on-going work in improving the digital quality of the internet and project work with Ofcom.

Dr Mark Reilly
Non-executive Director

Appointed to Board:
February 2014

Independent:
No

Board Committee Memberships:
Executive Board – Member
Audit Committee – Member
Remuneration Committee – Chairman
Nominations Committee – Member

Mark is Head of the Technology Division of IP Group plc, one of the UK's leading 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 innovative high-tech companies such as Ultrahaptics Ltd and Mirriad Ltd. He has overseen successful IP Group exits such as mobile software company Overlay Media (sold to inMobi in 2012) and AIM-listed Tracsis plc. 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 the University of Cambridge.

Paul Spence
Non-executive Director

Appointed to Board:
February 2016

Independent:
Yes

Board Committee Memberships:
Executive Board – Member
Risk Committee – Chairman
Audit Committee – Member
Nominations Committee – Member

Paul has spent much of his career with Capgemini and its predecessor companies, during which time his roles included deputy group CEO and CEO of Capgemini Global Outsourcing Services. He has extensive experience of the outsourcing industry in both the public and private sectors, as well as broad international experience, having lived in and been responsible for, at various times, the North American, Latin American, Australian, Asian, and European markets. Paul is a graduate of the Wharton School at the University of Pennsylvania and is currently a Non-executive Director of G4S.

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DIRECTORS' REPORT

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2016. These will be laid before the shareholders of the Company at the next Annual General Meeting (AGM).

General information and principal activities
Actual Experience plc is listed on the AIM market of the London Stock Exchange (LSE:ACT). The Company is incorporated in England and Wales, registration number 06838738, and the address of its registered office is Quay House, The Ambury, Bath BA1 1UA.

The principal activity of the Group is the provision of digital experience quality analytics.

Results and dividends
The results of the Group for the year ended 30 September 2016 are set out in the Consolidated Statement of Comprehensive Income on page 34.

The Directors do not propose payment of a dividend for the year ended 30 September 2016 (2015: nil).

Review of the year
A summary of the Group's progress and development is set out in the Chairman's Statement, the Chief Executive's Statement, and the Financial Review, which form part of the Strategic Report on pages 1 to 21. This analysis includes comments on the position of the Group at the end of the financial year, an indication of likely future developments in the business of the Group and details of the Group's activities in the field of research and development.

Directors
The Directors of the Company who served during the year and up to the date of approval of the financial statement are as follows:
- Stephen Davidson (Non-executive Chairman)
- Dave Page (Chief Executive Officer)
- Steve Bennetts (Chief Financial Officer and Company Secretary)
- Robin Young (Chief Operational Officer)
- Sir Bryan Carsberg (Non-executive Director)
- Dr Mark Reilly (Non-executive Director)
- Paul Spence (Non-executive Director)

Short biographies of each Director are provided on pages 22 and 23.

Directors' interests and indemnity arrangements
Directors' interests in the shares of the Company, including family interests, are disclosed in the Remuneration Report on pages 31 to 32.

As permitted by the Articles of Association, in accordance with Section 234 of the Companies Act 2006, the Group 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. No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements and share options and as disclosed in the Remuneration Report. The Group has granted no indemnities to any of its Directors against liability in respect of proceedings brought by third parties.

Share capital
Details of the Group's issued share capital are shown in note 16 to the consolidated financial statements.

The share capital comprises one class of ordinary shares and these are listed on AIM. As at 31 December 2016 there were in issue 37,517,588 fully paid ordinary shares. All shares are freely transferable and rank pari passu for voting and dividend rights.

Substantial holdings
As at 31 December 2016, 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
IP Group plc	9,343,223	24.91%
Henderson Global Investors	6,070,974	16.18%
M&G	5,563,157	14.83%
Mr Michael Edge	3,195,000	8.52%
Queen Mary University of London	2,610,000	6.96%
Mr Dave Page	1,972,368	5.27%
Professor Jonathan Pitts	1,919,750	5.12%
Ruffer	1,578,949	4.21%
Mr Rob Giles	1,216,500	3.24%

Save as referred to above, the Directors are not aware of any persons as at 31 December 2016 who were interested in three percent or more of the voting rights of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

Financial risk management objectives and policies
The Group's financial risk management objectives and policies are shown in note 3 to the consolidated financial statements. The main risks arising from the Group's financial instruments are interest rate risk, exchange rate risk, credit risk, and liquidity risk, which are continuously monitored by the Board. The Group extends credit only to recognised creditworthy third parties, and trade receivable balances are monitored to minimise the Group's exposure to bad debts. Details of the Group's trade receivables are shown in note 12 to the consolidated financial statements.

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Employment policies
The Group 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.

Annual General Meeting
The AGM will be held at 11.30am on 3 March 2017 at the offices of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE. On pages 61 and 62 is the Notice of the AGM, which gives details of the resolutions to be proposed to shareholders.

Independent auditors
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the AGM.

Statement of disclosure of information to the auditors
Each of the persons who are Directors of the Company at the date when this report was approved has confirmed that:
- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and Group's auditors are aware of that information.

The Strategic Report and Directors' Report were approved and signed by order of the Board

Steve Bennetts
Chief Financial Officer and Company Secretary
18 January 2017

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 Group and parent Company 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 Group and the Company and of the profit or loss of the Group 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 IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 Group 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 Group 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.

CORPORATE GOVERNANCE REPORT

On behalf of the Board I am pleased to present the Actual Experience plc Corporate Governance Report for the year ended 30 September 2016.

In this report we provide an overview of our corporate governance policies. It highlights the roles and responsibilities of the Board, its members and Committees and outlines the Group's management structure and controls.

The Directors recognise the importance of sound corporate governance and remain committed to delivering the long-term success of the Group through an effective framework of leadership, management and controls.

Stephen Davidson
Chairman
18 January 2017

Actual Experience is an AIM-quoted company and, accordingly, compliance with the UK Corporate Governance Code (the Code) is not mandatory. However, the Group remains committed to high standards of corporate governance and seeks to comply with the Code to the extent practicable for a public company of its size.

The report 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
Actual Experience is led by a strong and effective Board of Directors. The Board structure comprises the following individuals:

Executive:

Dave Page	Chief Executive Officer
Steve Bennetts	Chief Financial Officer
Robin Young	Chief Operating Officer

Non-executive:

Stephen Davidson	Chairman
Sir Bryan Carsberg	
Dr Mark Reilly	
Paul Spence	

The Board considers that it contains a range of skills, experience and knowledge that is appropriate for the business. Furthermore, the Board members are of sufficient calibre to bring independent judgement of issues of strategy, performance, resources, and standards of conduct, which are vital to the success of the Group. The Board believes that it operates in an open and constructive manner and works effectively.

Brief biographies of the Directors, together with their membership of Board Committees, are set out on pages 22 to 23.

Independence of Non-executive Directors
The Board considers many criteria in assessing the independence of the Non-executive Directors including the criteria recommended by the Quoted Companies Alliance. 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.

Board operation
The Board met five times during the year ended 30 September 2016, excluding ad hoc meetings convened solely to deal with procedural matters. Attendance at the scheduled Board meetings during the year was as follows:

Number of scheduled meetings	5
Stephen Davidson (Chairman)	5
Sir Bryan Carsberg	5
Dr Mark Reilly	5
Paul Spence[1]	3
Dave Page	5
Steve Bennetts	5
Robin Young	5

1 Appointed February 2016

In addition to the formal scheduled meetings the Board held informal discussions with Executive Directors and senior operational managers on strategic business development and other topics important to the Group's progress throughout the year.

The Chairman provides leadership to the Board. He is responsible for setting the agenda for Board meetings, ensuring that the Directors receive, on a timely basis, the information that they need to participate in Board meetings, and that the Board has sufficient time to discuss issues on the agenda, especially those relating to strategy and governance. The Chairman is available to shareholders to discuss strategy and governance issues, and any views arising from this route are also communicated to the Board as a whole.

The Chief Executive Officer is responsible for leadership of the Actual Experience management team 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 Actual Experience. Its principal role is to provide leadership for the Group 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 Group'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 and intellectual property, annual budgets and progress to the achievement of these budgets, reviews of any significant risks facing the Group, receiving reports on the views of Company shareholders, consideration of major capital projects, and significant financing matters.

The Board has delegated all authorities other than those contained in the schedule of reserved matters to the Executive Directors on the understanding that they will at all times act in accordance with the best interests of the Group, its shareholders and employees, and that their actions will be consistent with the Group's financial and strategic plans and objectives and in conformity with relevant legislation and best practice and that they will report regularly to the Board on the execution of these responsibilities.

Conflicts of interest
To address the provisions of Section 175 of the Companies Act 2006 relating to conflicts of interest, the Company's Articles of Association allow the Board to authorise situations in which a Director has, or may have, a conflict of interest. Directors are required to give notice of any potential situation or transactional conflict that are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

The Board has received no notice from Directors of potential or actual conflicts of interest.

Reappointment of Directors
The Company's Articles of Association require that at each Annual General Meeting (the AGM) one-third of Directors shall retire and seek reappointment by shareholders. Additionally, any new Director appointed by the Board is required by the Articles to retire at the next AGM and to seek appointment by shareholders.

Insurance
The Board has in place Directors' and Officers' Liability insurance.

Board Committees
The Board has delegated certain powers and duties to the Board Committees, all of which operate within clearly defined terms of reference and in accordance with the Code, where applicable. The Code recommends that all the members of the Remuneration and the Audit Committee are independent Non-executive Directors; while seeking to follow this recommendation as closely as practicable, as noted above, Dr Reilly is considered not to be independent due to his employment by IP Group. As allowed by the Code, the Chairman is a member of, but not Chairman of, the Remuneration Committee.

The workload of the Committees is greater than the scheduled meetings would indicate as ad hoc meetings and communications between meetings are frequently required.

BOARD COMMITTEES

Audit Committee
The Audit Committee determines and examines matters relating to the financial affairs of Actual Experience including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly and annual financial statements and the accounting and the internal control systems in use throughout the Company.

Chairman:
Sir Bryan Carsberg

Dr Mark Reilly
Paul Spence

Remuneration Committee
The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees under the Share Option Scheme.

Chairman:
Dr Mark Reilly

Stephen Davidson
Sir Bryan Carsberg

Nominations Committee
The Nominations Committee monitors the size and composition of the Board and the other Board Committees, is responsible for identifying suitable candidates for Board membership and monitors the performance and suitability of the current Board on an ongoing basis.

Chairman:
Stephen Davidson

Dave Page
Dr Mark Reilly
Paul Spence

Risk Committee
The Risk Committee determines the overall process to identify, manage and control risk within Actual Experience. It is responsible for developing the Risk Policy and approving any subsequent changes to its content. The Risk Committee receives reports from management on the residual risks within Actual Experience and determines the appropriate level of risk appetite for the Company.

Chairman:
Paul Spence

Steve Bennetts
Dave Page
Robin Young

Audit Committee
The Audit Committee meets at least three times a year and reports to the Board its conclusions and recommendations on matters related to the interim and annual financial statements and the effectiveness of internal controls and risk management. It discusses with management on an ongoing basis the reporting of operational results and the financial condition of the Group and presents its findings to the Board.

Details of the membership and attendance at Audit Committee meetings during the year are shown below:

Number of scheduled meetings	3
Sir Bryan Carsberg	3
Dr Mark Reilly	3
Paul Spence[1]	1
Dave Page[2]	3
Steve Bennetts[2]	3

1 Appointed February 2016
2 By invitation

The Board considers that the members of the Committee have sufficient competence to understand, analyse and when necessary challenge the management accounts and public financial statements.

Executive Directors and a representative of the auditors are normally invited to attend meetings of the Committee. The auditors also have unrestricted access to the Chairman of the Audit Committee.

In addition, the Committee has reviewed the necessity for the establishment of an internal audit function but considers that, given the present size and complexity of the Group and the close involvement of the Executive Directors in the operational management of the business, there is currently no requirement for this function.

Remuneration Committee
The composition and activities of the Remuneration Committee are as described in the Directors' Remuneration Report on pages 31 to 32.

Risk Committee
The Risk Committee was formed during the year and met twice during this period. It is intended that, in subsequent years, the Committee will meet at least four times each year. The Risk Committee advises the Board on the Group's overall risk appetite, develops the Group's risk management strategy, advises the Audit Committee and the Board on risk exposures, reviews the level of risk within the Group and assesses the effectiveness of the Group's risk management systems.

Details of the membership and attendance at Risk Committee meetings during the year are shown below:

Number of scheduled meetings	2
Paul Spence	2
Dave Page	1
Steve Bennetts	2
Robin Young	1

Senior managers are normally invited to attend meetings of the Committee.

Further information on the Group's management of risk may be found on pages 20 to 21.

Nominations Committee
The Nominations Committee meets as and when required, with its primary functions being to provide a formal and transparent procedure for the appointment of new Directors to the Board and to discuss issues relating to Board and Committee composition and balance as well as succession planning.

The Nominations Committee comprises Stephen Davidson, who is Chairman, Dr Mark Reilly, Paul Spence, and Dave Page. The Committee met on one occasion during the year; the meeting was attended by all members, except Mr Spence who had not been appointed to the Committee at the time of the meeting, with Sir Bryan Carsberg, Steve Bennetts and Robin Young in attendance.

Internal control and risk management
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.

CORPORATE GOVERNANCE REPORT continued

Communication with shareholders and the AGM
The Board recognises that it is accountable to shareholders for the performance and activities of the Group and attaches considerable importance to maintaining regular dialogue and meetings with shareholders.

Apart from the AGM, the Group communicates with its shareholders by way of the Annual Report and financial statements and via the Company's website (www.actual-experience.com) which is kept updated with preliminary and interim results, and announcements to the Stock Exchange.

The AGM offers a valuable opportunity to shareholders to meet and communicate with the Board. At the meeting the Board gives a business presentation which is followed by a question and answer session, offering shareholders an opportunity to question the Board on any matters affecting the Group's performance. The Chairmen of the Audit, Remuneration, Risk, and Nominations Committees are available at the AGM to answer questions. Details of the resolutions to be proposed at the AGM can be found in the Notice of Meeting on page 61. This Notice of Meeting has been circulated to shareholders and is on the Company's website.

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.

Going concern
The Board is required to assess whether the Group has adequate resources to continue operations for the foreseeable future. After making enquiries, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report). For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Approved by the Board of Directors and signed on its behalf.

Steve Bennetts
Chief Financial Officer
18 January 2017

DIRECTORS' REMUNERATION REPORT

Remuneration Committee
The responsibilities of the Committee are to advise upon and make recommendations to the Board on the Group's remuneration policies and, within the framework established by the Board, to recommend the remuneration of the Executive Directors. The CEO and CFO are invited to attend meetings to discuss remuneration packages and bonus schemes for senior executives within the Group, as well as the awarding of share options to such persons under any share scheme adopted by the Group.

Dr Mark Reilly chairs the Committee and Stephen Davidson and Sir Bryan Carsberg served on the Committee during the year. Attendance at the scheduled Committee meetings during the year was as follows:

Number of scheduled meetings	5
Dr Mark Reilly (Chairman)	5
Stephen Davidson	5
Sir Bryan Carsberg	5
Dave Page[1]	5
Steve Bennetts[1]	5

1 By invitation

The Remuneration Committee will assess the performance of the Executive Directors and other senior managers in the context of recommending their annual remuneration, bonus awards, and share option grants to the Board for final determination. The remuneration of the Non-executive Directors is recommended by the Executive Directors and takes account of the time spent on Board and Committee matters. The Board will make the final determination although no Director will participate in any discussion about his own remuneration.

An important objective of the Committee is to ensure that a competitive and appropriate base salary is paid to Directors and senior managers, together with incentive arrangements that are:

- aligned with shareholders' interests and with long-term business strategies;
- measured against challenging and well-defined financial targets (which are set in advance); and
- transparent and without 'soft' non-financial targets which could otherwise allow undue discretion to award bonuses that do not reflect actual financial performance.

Remuneration Policy
It is the Group'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 package for Executive Directors and senior management are:

Base annual salary
The base salary is reviewed annually by the Remuneration Committee and any change in salary is applied from the beginning of each calendar year. In determining the base annual salary the Remuneration Committee takes into account several factors, including the current position and development of the Group, 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 performance against defined personal objectives and the financial performance of the Group.

Share incentive schemes
The Group 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 282.50 pence and the 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 Group 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, Sir Bryan Carsberg and Paul Spence have each been awarded share options, as shown on next page.

Strategic report
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Sources

DIRECTORS' REMUNERATION REPORT continued

Directors' remuneration (audited)
The remuneration of the Board Directors of Actual Experience plc during the year ended 30 September 2016 was:

	Salary and fees £	Bonus £	Total Year ended 30 September 2016 £	Total Year ended 30 September 2015 £
Stephen Davidson[1]	50,000	–	50,000	50,000
Dave Page	145,000	–	145,000	203,934
Steve Bennetts[1]	115,000	–	115,000	126,250
Robin Young[1]	112,500	–	112,500	27,084
Sir Bryan Carsberg[1]	25,000	–	25,000	25,000
Dr Mark Reilly	25,000	–	25,000	24,000
Paul Spence[1]	16,667	–	16,667	–
Total	489,167	–	489,167	456,268

1 In addition, certain Directors hold employee share scheme interests in the Group. Fair value share-based payment charges recognised in the Consolidated Statement of Comprehensive Income attributable to these Directors are: Stephen Davidson £5,159 (2015: £11,503), Steve Bennetts £2,756 (2015: £5,098), Robin Young £25,943 (2015: £6,181), Sir Bryan Carsberg £5,159 (2015: £11,503), and Paul Spence £19,284 (2015: £nil).

Directors' shareholdings (audited)
The interests of the Directors holding office at 30 September 2016 in the shares of the Company, including family interests, were:

	Ordinary shares of 0.2p each	
	2016 Number	2016 %
Stephen Davidson	20,000	0.05
Dave Page	1,972,368	5.27
Steve Bennetts	175,500	0.47
Robin Young	7,200	0.02
Sir Bryan Carsberg	–	–
Dr Mark Reilly	85,500	0.23
Paul Spence	–	–

Directors' interests in share options (audited)
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 2016 were:

	At 1 October 2015	Granted during year	At 30 September 2016	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
Robin Young	70,000	–	70,000	207.50 pence	2016 – 2018
Robin Young	–	30,000	30,000	262.50 pence	2016 – 2019
Sir Bryan Carsberg	70,000	–	70,000	186.50 pence	2015 – 2017
Paul Spence	–	70,000	70,000	277.50 pence	2016 – 2018

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 20 to the financial statements under Related Party Transactions.

Dr Mark Reilly
Chairman of the Remuneration Committee
18 January 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC

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

- give a true and fair view of the state of the group's affairs as at 30 September 2016 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
The financial statements, included within the Annual Report, comprise:

- the consolidated statement of financial position as at 30 September 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated 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 IFRSs as adopted by the European Union, and applicable law.

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 Directors' Report 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 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. 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, 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 group'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 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
We have reported separately on the company financial statements of Actual Experience plc for the year ended 30 September 2016.

Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
18 January 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2016

	Note	2016 £	2015 £
REVENUE	4	**716,346**	700,449
Cost of sales		**(954,812)**	(507,183)
GROSS (LOSS)/PROFIT		**(238,466)**	193,266
Administrative expenses	5	**(5,806,299)**	(2,617,679)
OPERATING LOSS		**(6,044,765)**	(2,424,413)
Finance income	7	**61,946**	12,977
LOSS BEFORE TAX		**(5,982,819)**	(2,411,436)
Tax	8	**311,747**	185,981
LOSS FOR THE YEAR		**(5,671,072)**	(2,225,455)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		**(105,310)**	(4,684)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(5,776,382)**	(2,230,139)
LOSS PER ORDINARY SHARE			
Basic and diluted	9	**(15.21)p**	(7.12)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Note	Share capital £	Share premium £	(Accumulated losses)/ retained earnings £	Total equity £
At 1 October 2014		57,688	134,346	2,974,264	3,166,298
Loss for the year		–	–	(2,225,455)	(2,225,455)
Other comprehensive expense for the year		–	–	(4,684)	(4,684)
Total comprehensive loss for the year		–	–	(2,230,139)	(2,230,139)
Issue of shares		16,339	15,231,024	–	15,247,363
Cost of share issues		–	(591,216)	–	(591,216)
Share-based payment expense		–	–	130,730	130,730
At 30 September 2015		**74,027**	**14,774,154**	**874,855**	**15,723,036**
Loss for the year		–	–	(5,671,072)	(5,671,072)
Other comprehensive expense for the year		–	–	(105,310)	(105,310)
Total comprehensive loss for the year		–	–	(5,776,382)	(5,776,382)
Issue of shares	16	869	61,016	–	61,885
Share-based payment expense	19	–	–	233,361	233,361
At 30 September 2016		**74,896**	**14,835,170**	**(4,668,166)**	**10,241,900**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2016

	Note	2016 £	2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	**281,476**	44,671
Intangible assets	11	**516,041**	366,386
TOTAL NON-CURRENT ASSETS		**797,517**	411,057
Current assets			
Trade and other receivables	12	**352,129**	286,397
Income tax receivable	8	**340,259**	192,000
Cash and cash equivalents	13	**9,415,886**	15,275,222
TOTAL CURRENT ASSETS		**10,108,274**	15,753,619
TOTAL ASSETS		**10,905,791**	16,164,676
LIABILITIES			
Non-current liabilities			
Deferred tax	8	**(20,960)**	(8,858)
TOTAL NON-CURRENT LIABILITIES		**(20,960)**	(8,858)
Current liabilities			
Trade and other payables	14	**(642,931)**	(432,782)
TOTAL CURRENT LIABILITIES		**(642,931)**	(432,782)
TOTAL LIABILITIES		**(663,891)**	(441,640)
NET ASSETS		**10,241,900**	15,723,036
EQUITY			
Share capital	16	**74,896**	74,027
Share premium	16	**14,835,170**	14,774,154
(Accumulated losses)/retained earnings	17	**(4,668,166)**	874,855
TOTAL EQUITY		**10,241,900**	15,723,036

Approved by the Board of Directors and authorised for issue on 18 January 2017.

Stephen Davidson
Chairman

Steve Bennetts
Chief Financial Officer

Company number: 06838738

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss before tax		**(5,982,819)**	(2,411,436)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	10	**49,376**	13,747
Amortisation of intangible assets	11	**345,129**	141,313
Share-based payment charge	19	**233,361**	130,730
Finance income		**(61,946)**	(12,977)
Operating cash outflow before changes in working capital		**(5,416,899)**	(2,138,623)
Movement in trade and other receivables		**(63,961)**	(149,423)
Movement in trade and other payables		**94,983**	155,280
Cash flows used in operations		**(5,385,877)**	(2,132,766)
Tax received		**175,590**	159,410
Net cash flows used in operating activities		**(5,210,287)**	(1,973,356)
Cash flows from investing activities			
Development of intangible assets	11	**(494,784)**	(321,345)
Purchases of property, plant and equipment	10	**(286,180)**	(42,006)
Finance income		**61,946**	12,977
Net cash outflow from investing activities		**(719,018)**	(350,374)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	16	**61,885**	14,656,147
Net cash inflow from financing activities		**61,885**	14,656,147
(Decrease)/increase in cash and cash equivalents		**(5,867,420)**	12,332,417
Effect of exchange rate fluctuations on cash held		**8,084**	–
Cash and cash equivalents at start of year		**15,275,222**	2,942,805
Cash and cash equivalents at end of year	13	**9,415,886**	15,275,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

1 Basis of preparation
Actual Experience plc is a public limited company domiciled in the United Kingdom and incorporated in England. The financial statements of Actual Experience plc are audited financial statements for the year to 30 September 2016. These include comparatives for the year ended 30 September 2015.

The Company's registered office is Quay House, The Ambury, Bath, BA1 1UA.

Business combinations and basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. 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.

Accounting policies adopted are consistent across the Group. All intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, are eliminated fully on consolidation.

Going concern
At 30 September 2016, the Group had a cash and cash equivalents position of £9,415,886 with no bank debt. The Directors have prepared detailed monthly projections of future cash flows for the remainder of the financial year to September 2017 and the subsequent financial year, 2018. 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 2017. Additional scenarios have been modelled reflecting differing revenue growth rates with corresponding adjustments to the level of investment in the Group's cost base; these scenarios indicate broadly similar cash flow trends.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group 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 (IFRS) and with the Companies Act 2006 as applicable to companies using IFRS and to IFRS IC 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 Group operates (the functional currency) which is UK sterling (£). The financial statements are presented in pounds sterling (£), which is the Group's presentational currency. All amounts are rounded to the nearest £. The results and financial position of Actual Experience Inc have a functional currency different from the presentation currency and are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

(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 Consolidated 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 Group primarily earns revenues from the sale of digital experience quality analytics services and associated consultancy services.

Revenue from the digital experience quality analytics service is recognised over the period in which the services are performed, on a straight-line basis. Revenues from associated consultancy services and associated 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 Consolidated 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 Group intends to complete the intangible asset and use or sell it;
(c) the Group 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 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 Consolidated Statement of Comprehensive Income. Expenses for research and development include associated wages and salaries, material costs and directly attributable overheads.

The estimated useful life of the development costs capitalised is two years. Amortisation commences when the project is available for use within the business.

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 flows (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:

Leasehold improvements	5 years straight-line
Fixtures, fittings and equipment	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 Consolidated Statement of Comprehensive Income.

Impairment of property, plant and equipment
At each period end, the Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September 2016

2 Significant accounting policies continued

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group 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 Consolidated 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.

2.6 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 Consolidated 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 Group'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 and 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 Consolidated 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 Consolidated 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.

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 Consolidated 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 Consolidated 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 Consolidated Statement of Comprehensive Income.

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 £371,000 (2015: £141,000). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £115,000 (2015: £47,000).

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 Group'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 Consolidated Statement of Comprehensive Income in the period in which the change occurs.

Changes in accounting policies

The following new and amended IFRS and IFRIC interpretations are mandatory as of 1 October 2015 unless otherwise stated and the impact of adoption is described below.

There are no other changes to IFRS effective in the year which have a material impact on the Group.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. There was no impact on the Group from the adoption of IFRS 13.

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:

- IAS 1: Disclosure Initiative (effective 1 January 2016);
- IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016);
- IFRS 15: Revenue from contracts with customers (effective 1 January 2017);
- IFRS 9: Financial Instruments (effective 1 January 2018);
- IFRS 16: Leases (effective 1 January 2019); and
- IAS 12: Income taxes (effective 1 January 2016).

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3 Financial risk management
The Board has overall responsibility for the determination of the Group'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 Group's competitiveness and flexibility. The Group does not use derivative financial instruments such as forward currency contracts or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group 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 Consolidated Statement of Financial Position, book value approximates to fair value at 30 September 2015 and 30 September 2016.

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 Consolidated 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 and US banks. Trade and other payables are measured at book value and amortised cost.

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

The Group gives careful consideration to which organisation it uses for its banking services in order to minimise credit risk. The Group has a significant concentration of cash held in accounts with two large banks in the UK, one institution with an A+ credit rating and one with a BBB+ credit rating (long term, as assessed by Fitch). The amounts of cash held on deposit with those banks at each reporting date can be seen in note 13. All of the cash and cash equivalents held with those banks at each reporting date were denominated in UK sterling or US dollars. The Directors are satisfied that the level of risk inherent in holding the cash deposits with two banks is low given the credit ratings assessed. The Directors monitor the levels of cash held by the Group on a regular basis and, if necessary, will mitigate any perceived increase in the level of risk by spreading the cash deposits across other institutions.

The nature of the Group'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 Group mitigates the associated risk by close monitoring of the debtor ledger.

At 30 September 2016, the Group's trade receivables balance was £59,613 (30 September 2015: £191,349). The carrying amount of financial assets recorded in the financial statements represents the Group'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 Group 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 Group will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's cash is held in bank accounts with notice periods no greater than three months and management continually monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements.

At 30 September 2016, the Group had £9,415,886 (30 September 2015: £15,275,222) 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 Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group'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.

The carrying values of trade and other receivables, trade and other payables and cash and cash equivalents approximate their fair values due to their relatively short periods to maturity. Fair value measurements are determined in accordance with the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

Fair values of all financial assets and liabilities are classified as Level 3 financial instruments, except cash and cash equivalents which is classified as Level 2.

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.

The Group'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 Group is managed and adjusted to reflect changes in economic circumstances. In determining how the Group 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 equity capital.

The Group's capital is made up of share capital, share premium and retained earnings totalling at 30 September 2016: £10,241,900 (30 September 2015: £15,723,036).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. 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 Group'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 Group. Due to the current size and activities of the Group, 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 experience quality analytics services and associated consultancy services". There are no differences between the segment results and the Consolidated Statement of Comprehensive Income. The assets and liabilities information presented to the CODM is consistent with the Consolidated Statement of Financial Position.

During the year ended 30 September 2016 the Group had three customers who generated more than 10% of total revenue. These customers generated 30%, 18% and 14% of revenue respectively.

During the year ended 30 September 2015 the Group had two customers who generated more than 10% of total revenue. These customers generated 23% and 14% of revenue respectively.

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

	2016 **£**	2015 £
United Kingdom	**343,928**	600,139
United States of America	**357,093**	74,818
Europe	**5,325**	3,712
Rest of the world	**10,000**	21,780
	716,346	700,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September 2016

5 Loss from operations

	Note	2016 £	2015 £
Loss from operations is stated after charging/(crediting) to administrative expenses:			
Depreciation on property, plant and equipment	10	**49,376**	13,747
Amortisation of intangible assets	11	**345,129**	141,313
Operating lease rentals – land and buildings		**286,907**	80,507
Employee costs	6	**3,724,443**	1,847,726
Foreign exchange gains		**(144,889)**	(448)

	2016 £	2015 £
Auditors' remuneration:		
— Audit of these financial statements	**28,550**	28,550
— Tax advisory services	**–**	10,000
Total auditors' remuneration	**28,550**	38,550

6 Employee costs

	2016 Number	2015 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Directors	**7**	5
Sales and support	**28**	11
Software development	**17**	9
Administration	**4**	3
	56	28

	2016 £	2015 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**3,605,951**	1,829,613
Social security costs	**380,824**	208,728
Share-based expense (note 19)	**233,361**	130,730
	4,220,136	2,169,071
Directors' remuneration comprised:		
Emoluments for qualifying services	**490,245**	456,268

Directors' emoluments disclosed above include £145,000 paid to the highest paid Director (2015: £203,934); the Director did not exercise any share options in the year and no options are due under incentive plans.

The Remuneration Report on pages 31 to 32 detail Directors' interests in share options.

There are no pension benefits for Directors.

Included within total employee costs of £4,220,136 (2015: £2,169,071) is £494,784 (2015: £321,345) which has been capitalised within development costs in accordance with IAS 38 (see note 11). The remaining £3,724,443, which is net of £909 foreign exchange, (2015: £1,847,726) has been expensed in the Consolidated Statement of Comprehensive Income.

7 Finance income

	2016 £	2015 £
Bank interest receivable	**61,946**	12,977

8 Taxation

Tax on loss on ordinary activities

	2016 £	2015 £
Current tax:		
UK Corporation tax on losses of the year	**(340,264)**	(192,000)
Overseas taxes	**16,415**	534
Deferred tax:		
Origination and reversal of timing differences	**12,102**	5,485
Total tax credit	**(311,747)**	(185,981)

Factors affecting the current tax credits

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

	2016 £	2015 £
Loss on ordinary activities before tax	**(5,982,819)**	(2,411,436)
Tax at the UK corporate tax of 20.00% (2015: 20.50%)	**(1,196,564)**	(494,344)
Effects of:		
Expenses not deductible for tax purposes	**134,841**	59,683
Unrecognised deferred tax asset on losses	**1,335,159**	387,603
Tax relief in respect of exercise of share options	**(217,254)**	–
Research and development enhancement in respect of the current year	**(364,226)**	(138,693)
Prior year adjustment	**(5)**	–
Change in rate of tax used to calculate deferred tax liability	**(3,698)**	(230)
Tax credit for the year	**(311,747)**	(185,981)

The Group has tax losses carried forward of approximately £10,060,000 (2015: £3,820,000).

The standard rate of corporation tax in the UK changed from 21% to 20% from 1 April 2015. Accordingly the Group's losses for the accounting period are based on an effective rate of 20.00%.

During the year the Group has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs to the Group of £340,259 (2015: £192,000).

Deferred tax

Deferred tax relates to the following:

	2016 £	2015 £
Accelerated depreciation for tax purposes	**20,960**	8,858
Deferred tax liability	**20,960**	8,858

Reconciliation of deferred tax liabilities

	2016 £	2015 £
Balance at the beginning of the year	**8,858**	3,373
Charge to the Consolidated Statement of Comprehensive Income	**12,102**	5,485
Balance at the end of the year	**20,960**	8,858

At 30 September 2016, the Group had unrecognised deferred tax assets totalling £1,710,288 (2015: £732,776), which relate to losses. The Group has not recognised this asset in the Consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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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 one class of potentially dilutive ordinary shares, being 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. 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.

	2016 £	2015 £
Total loss attributable to the equity holders of the parent	**(5,671,072)**	(2,225,455)
	No.	No.
Weighted average number of ordinary shares in issue during the year	**37,288,000**	31,239,006
Loss per share		
Basic and diluted on loss for the year	**(15.21)p**	(7.12)p

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

	2016	2015
Issued ordinary shares at the beginning of the year	**37,013,338**	28,844,225
Effect of shares issued in June 2015	**–**	2,394,781
Effect of shares issued in October 2015	**118,532**	–
Effect of shares issued in March 2016	**154,363**	–
Effect of shares issued in August 2016	**1,767**	–
Weighted average number of shares at the end of the year	**37,288,000**	31,239,006

10 Property, plant and equipment

	Leasehold improvements £	Fixtures fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2014	–	1,838	36,779	38,617
Additions	–	7,171	34,835	42,006
At 30 September 2015	–	9,009	71,614	80,623
Additions	168,488	48,407	69,286	286,181
At 30 September 2016	**168,488**	**57,416**	**140,900**	**366,804**
Accumulated depreciation				
At 1 October 2014	–	195	22,010	22,205
Charge for the year	–	1,635	12,112	13,747
At 30 September 2015	–	1,830	34,122	35,952
Charge for the year	13,701	5,721	29,954	49,376
At 30 September 2016	**13,701**	**7,551**	**64,076**	**85,328**
Net book value				
At 30 September 2016	**154,787**	**49,865**	**76,824**	**281,476**
At 30 September 2015	–	7,179	37,492	44,671
At 30 September 2014	–	1,643	14,769	16,412

11 Intangible assets

	Development costs £	Total £
Cost		
At 1 October 2014	226,125	226,125
Additions	321,345	321,345
At 30 September 2015	**547,470**	**547,470**
Additions	494,784	494,784
At 30 September 2016	**1,042,254**	**1,042,254**
Accumulated amortisation and impairment losses		
At 1 October 2014	39,771	39,771
Charge for the year	141,313	141,313
At 30 September 2015	**181,084**	**181,084**
Charge for the year	345,129	345,129
At 30 September 2016	**526,213**	**526,213**
Net book value		
At 30 September 2016	**516,041**	**516,041**
At 30 September 2015	366,386	366,386
At 30 September 2014	186,354	186,354

Amortisation and impairment charge

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

12 Trade and other receivables

	2016 £	2015 £
Trade receivables	**59,613**	191,349
Other receivables	**117,622**	30,204
Prepayments and accrued income	**174,894**	64,844
	352,129	286,397

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

There are no provisions for impairment losses in respect of trade and other receivables. There are no trade receivables past due and not impaired and there is no provision for impaired receivables in either 2016 or 2015. The credit quality of those trade receivables not past due and not impaired is considered good. 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.

13 Cash and cash equivalents

Bank credit rating:	2016 £	2015 £
A+	**5,035,122**	5,001,822
A2	**–**	47,751
A3	**82,819**	–
BBB+	**4,297,945**	10,225,649
Cash and cash equivalents	**9,415,886**	15,275,222

The above gives an analysis of the credit rating of the financial institutions where cash balances are held.

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13 Cash and cash equivalents continued
All of the Group's cash and cash equivalents at 30 September 2016 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2016 £	2015 £
Denominated in UK sterling	9,188,484	15,157,211
Denominated in US dollars	227,402	118,011
Cash and cash equivalents	9,415,886	15,275,222

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.

14 Trade and other payables

	2016 £	2015 £
Trade payables	140,737	48,246
Other tax and social security	115,920	57,984
Other creditors	9,963	6,687
Accruals	286,186	226,855
Deferred income	90,125	93,010
	642,931	432,782

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

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

The Group 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.

15 Financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:
- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

The carrying values of trade and other receivables, trade and other payables and cash and cash equivalents approximate their fair values due to their relatively short periods to maturity.

Financial assets
The Group held the following financial assets:

	2016 £	2015 £
Due within three months		
Cash and cash equivalents	9,415,886	15,275,222
Trade receivables	59,613	191,349
Other receivables	63,768	18,144
	9,539,267	15,484,715

Financial liabilities
The Group held the following financial liabilities held at amortised cost (non-derivatives):

	2016 £	2015 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	140,737	48,246
Other payables	296,149	233,542
Total financial liabilities	436,886	281,788

16 Share capital

	Number	Share capital £	Share premium £	Total £
Total Ordinary shares of 0.2p each at 1 October 2015	37,013,338	74,027	14,774,154	14,848,181
Issue of shares in respect of the exercise of share options	434,500	869	61,016	61,885
Total Ordinary shares of 0.2p each as at 30 September 2016	37,447,838	74,896	14,835,170	14,910,066

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

Changes to share capital during the year were as follows:
(i) 132,500 ordinary shares of 0.2p each were allotted at a price of 9.091 pence per share, for total cash consideration of £12,046, upon the exercise of share options granted in the Company's share option schemes;
(ii) 298,000 ordinary shares of 0.2p each were allotted at a price of 14.255 pence per share, for total cash consideration of £42,480, upon the exercise of share options granted in the Company's share option schemes;
(iii) 4,000 ordinary shares of 0.2p each were allotted at a price of 184.0 pence per share, for total cash consideration of £7,360, upon the exercise of share options granted in the Company's share option schemes.

At 30 September 2016, the Company had only one class of share, being ordinary shares of 0.2p each.

17 Movement in (accumulated losses)/retained earnings reserve

	(Accumulated losses)/ retained earnings £
At 30 September 2014	2,974,264
Loss for the year	(2,225,455)
Other comprehensive expense	(4,684)
Shared-based payment charge	130,730
At 30 September 2015	**874,855**
Loss for the year	(5,671,072)
Other comprehensive expense	(105,310)
Share-based payment charge	233,361
At 30 September 2016	(4,668,166)

18 Commitments
Operating lease commitments
The Group leases premises under operating lease agreements. The future aggregate minimum lease and service charge payments under operating leases are as follows:

	2016 £	2015 £
Land and buildings:		
Amounts due within one year	210,852	43,750
Amounts due between two and five years	627,027	–
Total	837,879	43,750

During the year the Company moved its head office to new leased premises in the UK. The Company's tenancy agreement in respect of these premises commenced in February 2016 and terminates in September 2027. The agreement has a break clause five years after the lease commencement date. The annual rent and service charge payable under this agreement is £203,630; the minimum payments disclosed above relate to the period up to the first break clause date.

In addition, on 31 December 2015, the Company entered into a three-year software licence and services agreement with a third party software supplier. At 30 September 2016, the Company was committed to a cost of $840,221 (approximately £648,000) in respect of the remaining period of the licence and services agreement.

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19 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 Group before the options vest.

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

	Number of share interests			Weighted average exercise price per share (pence)
	EMI options	Unapproved options	Total	
At 30 September 2014	2,061,975	220,000	2,281,975	51.00
Granted in the year	317,500	150,000	467,500	206.00
Exercised in the year	(154,050)	–	(154,050)	(12.20)
Forfeited in the year	(135,000)	–	(135,000)	(184.00)
At 30 September 2015	2,090,425	370,000	2,460,425	75.6
Granted in the year	**470,000**	**155,000**	**625,000**	**272.40**
Exercised in the year	**(434,500)**	**–**	**(434,500)**	**(14.25)**
Forfeited in the year	**(167,250)**	**–**	**(167,250)**	**(249.30)**
At 30 September 2016	**1,958,675**	**525,000**	**2,483,675**	**124.30**

There were 1,292,215 share options outstanding at 30 September 2016 (30 September 2015: 1,294,717), 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 2016.

Options have a range of exercise prices from 9.09 pence per share to 282.50 pence per share and have a weighted contractual life of 7.23 years.

Details of the outstanding share options are given below:

Grant date	Employees entitled	Number of options	Performance conditions	Exercise price(p)	Earliest exercise date	Expiry date
19/03/2010	1	267,500	Time served	9.091	25/01/2011	19/03/2020
22/06/2011	2	111,700	Time served	9.091	15/10/2011	22/06/2021
17/10/2011	2	63,600	Time served	9.091	17/10/2011	17/10/2021
17/05/2012	1	57,500	Time served	14.255	16/08/2012	17/05/2022
21/05/2012	1	48,125	Time served	14.255	27/02/2013	21/05/2022
04/03/2013	4	324,750	Time served	14.255	11/06/2013	04/05/2023
01/10/2013	1	227,250	Time served	14.255	01/10/2014	01/10/2023
18/11/2013	1	69,500	Time served	14.255	11/11/2014	18/11/2023
23/12/2013	1	22,500	Time served	54.500	01/10/2014	23/12/2023
09/07/2014	2	140,000	Time served	186.500	09/07/2015	09/07/2024
21/07/2014	1	80,000	Time served	186.500	21/07/2015	21/07/2024
15/09/2014	3	115,000	Time served	184.000	06/01/2015	15/09/2024
24/10/2014	1	50,000	Time served	175.000	24/10/2015	24/10/2024
29/05/2015	4	185,000	Time served	207.500	25/11/2015	29/05/2025
05/06/2015	1	30,000	Time served	207.500	05/06/2016	05/06/2025
29/06/2015	6	87,500	Time served	212.500	29/05/2016	29/06/2025
24/07/2015	4	100,000	Time served	212.500	08/06/2016	24/06/2025
14/10/2015	10	198,750	Time served	262.500	17/08/2016	14/10/2025
07/03/2016	6	135,000	Time served	277.500	16/11/2016	07/03/2026
29/03/2016	1	20,000	Time served	282.500	29/03/2017	29/03/2026
26/05/2016	9	130,000	Time served	282.500	07/03/2017	26/05/2026
06/06/2016	1	10,000	Time served	282.500	06/06/2017	06/06/2026
13/06/2016	1	10,000	Time served	282.500	13/06/2017	13/06/2026
Outstanding		2,483,675				

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 14 October 2015	Granted on 7 March 2016	Granted on 29 March 2016	Granted on 26 May 2016	Granted on 6 June 2016	Granted on 13 June 2016
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	19.8%	18.6%	18.4%	18.2%	18.2%	18.2%
Risk-free interest rate (%)	2.02%	2.02%	2.02%	2.02%	2.02%	2.02%
Life of options (years)	10	10	10	10	10	10
Weighted average exercise price (pence)	262.5p	277.5p	282.5p	282.5p	282.5p	282.5p
Weighted average share price (pence)	262.5p	277.5p	282.5p	282.5p	282.5p	282.5p

The Group 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 from the Company's historical share price movements. The risk-free rate for the year 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 Group recognised a charge of £233,361 (2015: £130,730) in the Consolidated Statement of Comprehensive Income in respect of equity settled share-based payment transactions in the year.

20 Related party transactions

Remuneration of key personnel

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

	2016 £	2015 £
Executive Directors – aggregate		
Short-term employment benefits*	**372,680**	330,184
Non-executive Directors – aggregate		
Short-term employment benefits*	**117,565**	126,084
Total	**490,245**	456,268

* In addition, certain Directors hold share options in the Company for which a fair value share-based charge of £58,301 has been recognised in the Consolidated Statement of Comprehensive Income (2015: £34,285).

One of the Directors, Mr Robin Young, became an Executive Director with effect from 1 October 2015, having been a Non-executive Director in the prior year.

Amounts outstanding to key personnel

As at 30 September 2016, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2015: £7,500).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September 2016

20 Related party transactions continued

Transactions with shareholders and other related parties

During the year the Group 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:	**Amounts invoiced to related party 2016 £**	**Amounts invoiced by related party 2016 £**	Amounts invoiced to related party 2015 £	Amounts invoiced by related party 2015 £
Queen Mary University of London (note 1)				
Sales – Analytical services	**9,000**	**–**	15,400	–
	9,000	**–**	15,400	–
IP Group plc (note 1)				
Purchases – Non-executive Director fees	**–**	**25,000**	–	25,000
Purchases – Other office costs	**–**	**–**	–	93
Purchases – Recruitment fees	**–**	**10,000**	–	–
	–	**35,000**	–	25,093
Inmarsat plc (note 2)				
Sales – Analytical services	**10,000**	**–**	9,500	–
CTGFT Limited (note 3)				
Purchases – Consultancy fees	**–**	**–**	–	7,500

Note 1: Queen Mary University of London and IP Group plc are shareholders of the Company.
Note 2: Two of the Company's Directors, Sir Bryan Carsberg and Mr Stephen Davidson, have common directorships of Inmarsat plc.
Note 3: One of the Company's Directors, Mr Robin Young, is a Director and sole shareholder of CTGFT Limited.

There were no amounts outstanding due from or to the related parties at 30 September 2016.

During the year ended 30 September 2016, the Company entered into numerous transactions with its subsidiary company, which net off on consolidation – these have not been shown above.

Ultimate controlling party

The Company has no single ultimate controlling party.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC

Report on the company financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its 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 as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the company statement of financial position as at 30 September 2016;
- the company cash flow statement for the year then ended;
- the company 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 IFRSs as adopted by the European Union, and applicable law, and as applied in accordance with the provisions of the Companies Act 2006.

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 Directors' Report 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 by the company, 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, 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 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

We have reported separately on the group financial statements of Actual Experience plc for the year ended 30 September 2016.

Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
18 January 2017

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COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Share capital £	Share premium £	(Accumulated losses)/ retained earnings £	Total equity £
At 1 October 2014	57,688	134,346	2,972,768	3,164,802
Loss and total comprehensive expense for the year	–	–	(2,243,019)	(2,243,019)
Issue of shares	16,339	15,231,024	–	15,247,363
Cost of share issues	–	(591,216)	–	(591,216)
Share-based payment expense	–	–	108,721	108,721
Share-based payment expense in respect of services provided to subsidiary undertaking	–	–	22,009	22,009
At 30 September 2015	74,027	14,774,154	860,479	15,708,660
At 1 October 2015	74,027	14,774,154	860,479	15,708,660
Loss and total comprehensive expense for the year	**–**	**–**	**(5,836,122)**	**(5,836,122)**
Issue of shares	**869**	**61,016**	**–**	**61,885**
Share-based payment expense	**–**	**–**	**163,804**	**163,804**
Share-based payment expense in respect of services provided to subsidiary undertaking	**–**	**–**	**69,557**	**69,557**
At 30 September 2016	**74,896**	**14,835,170**	**(4,742,282)**	**10,167,784**

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 September 2016

	Note	2016 £	2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	C3	**278,081**	44,291
Intangible assets	11	**516,041**	366,386
Investments	C4	**92,067**	22,509
TOTAL NON-CURRENT ASSETS		**886,189**	433,186
Current assets			
Trade and other receivables	C5	**339,571**	276,598
Income tax receivable	C9	**340,259**	192,000
Cash and cash equivalents	C6	**9,333,067**	15,227,471
TOTAL CURRENT ASSETS		**10,012,897**	15,696,069
TOTAL ASSETS		**10,899,086**	16,129,255
LIABILITIES			
Non-current liabilities			
Deferred tax	C9	**(20,960)**	(8,858)
TOTAL NON-CURRENT LIABILITIES		**(20,960)**	(8,858)
Current liabilities			
Trade and other payables	C7	**(710,342)**	(411,737)
TOTAL CURRENT LIABILITIES		**(710,342)**	(411,737)
TOTAL LIABILITIES		**(731,302)**	(420,595)
NET ASSETS		**10,167,784**	15,708,660
EQUITY			
Share capital	16	**74,896**	74,027
Share premium	16	**14,835,170**	14,774,154
(Accumulated losses)/retained earnings	C8	**(4,742,282)**	860,479
TOTAL EQUITY		**10,167,784**	15,708,660

Approved by the Board of Directors and authorised for issue on 18 January 2017.

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss before tax	(6,164,284)	(2,429,533)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	48,254	13,737
Amortisation of intangible assets	345,129	141,313
Share-based payment charge	163,804	108,721
Finance income	(61,944)	(12,977)
Operating cash outflow before changes in working capital	(5,669,041)	(2,178,739)
Movement in trade and other receivables	(62,976)	(140,821)
Movement in trade and other payables	298,607	138,119
Cash flows used in operations	(5,433,410)	(2,181,441)
Tax received	192,005	159,944
Net cash flows used in operating activities	(5,241,405)	(2,021,497)
Cash flows from investing activities		
Development of intangible assets	(494,784)	(321,345)
Purchases of property, plant and equipment	(282,044)	(41,616)
Finance income	61,944	12,977
Net cash outflow from investing activities	(714,884)	(349,984)
Cash flows from financing activities		
Proceeds from issue of share capital, net of costs	61,885	14,656,147
Net cash inflow from financing activities	61,885	14,656,147
(Decrease)/increase in cash and cash equivalents	(5,894,404)	12,284,666
Cash and cash equivalents at start of year	15,227,471	2,942,805
Cash and cash equivalents at end of year	9,333,067	15,227,471

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 September 2016

C1. Principal accounting policies

The financial statements of the Company are presented as required by the Companies Act 2006 and in accordance with IFRS.

The principal accounting policies adopted are the same as for those set out in the Group's financial statements.

C2. Company results

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of profit or loss and other comprehensive income. The parent company's result for the year ended 30 September 2016 was a loss of £5,836,122 (2015: loss of £2,243,019).

The audit fee for the Company is set out in note 5 of the Group's financial statements.

C3. Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2014	–	1,838	36,779	38,617
Additions	–	7,171	34,445	41,616
At 30 September 2015	–	9,009	71,224	80,233
Additions	168,488	48,407	65,149	282,044
At 30 September 2016	168,488	57,416	136,373	362,277
Accumulated depreciation				
At 1 October 2014	–	195	22,010	22,205
Charge for the year	–	1,635	12,102	13,737
At 30 September 2015	–	1,830	34,112	35,942
Charge for the year	13,701	5,721	28,832	48,254
At 30 September 2016	13,701	7,551	62,944	84,196
Net book value				
At 30 September 2016	154,787	49,865	73,429	278,081
At 30 September 2015	–	7,179	37,112	44,291
At 30 September 2014	–	1,643	14,769	16,412

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September 2016

C4. Investments

At 30 September 2016, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued capital and voting rights 2016
Actual Experience Inc	Sales and marketing services	100%

Cost	£
At 1 October 2014	500
Additions	22,009
At 30 September 2015	22,509
Additions	69,558
At 30 September 2016	**92,067**
Impairment	
At 1 October 2014, 30 September 2015 and 30 September 2016	–
Carrying value at 30 September 2016	**92,067**
Carrying value at 30 September 2015	22,509
Carrying value at 30 September 2014	500

C5. Trade and other receivables

	2016 £	2015 £
Trade receivables	59,613	191,349
Other receivables	111,376	20,561
Amounts due from subsidiary undertakings	–	661
Prepayments and accrued income	168,582	64,027
	339,571	276,598

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

There are no receivables for which allowance has been made. There are no provisions for impairment losses in respect of trade and other receivables. There are no receivables at any of the year ends which were considered to be past due. 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.

C6. Cash and cash equivalents

Bank credit rating:	2016 £	2015 £
A+	5,035,122	5,001,822
BBB+	4,297,945	10,225,649
Cash and cash equivalents	9,333,067	15,227,471

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

All of the Company's cash and cash equivalents at 30 September 2016 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2016 £	2015 £
Denominated in UK sterling	9,188,484	15,157,211
Denominated in US dollars	144,583	70,260
Cash and cash equivalents	9,333,067	15,227,471

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.

C7. Trade and other payables

	2016 £	2015 £
Trade payables	138,059	43,767
Other tax and social security	115,920	57,984
Other creditors	9,962	6,687
Amounts due to subsidiary undertakings	138,021	–
Accruals	218,255	210,289
Deferred income	90,125	93,010
	710,342	411,737

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 30-45 day terms.

The Directors consider that the carrying value of trade and other payables approximate 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.

C8. Movement in (accumulated losses)/retained earnings reserve

	(Accumulated losses)/ retained earnings £
At 30 September 2014	2,972,768
Loss for the year	(2,243,019)
Shared-based payment charge	108,721
Share-based payment charge in respect of services provided to subsidiary undertaking	22,009
At 30 September 2015	860,479
Loss for the year	(5,836,122)
Share-based payment charge	163,804
Share-based payment charge in respect of services provided to subsidiary undertaking	69,557
At 30 September 2016	(4,742,282)

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for the year ended 30 September 2016

C9. Taxation

Deferred tax

Deferred tax relates to the following:

	2016 £	2015 £
Accelerated depreciation for tax purposes	**20,960**	8,858
Deferred tax liability	**20,960**	8,858

Reconciliation of deferred tax liabilities

	2016 £	2015 £
Balance at the beginning of the year	**8,858**	3,373
Charge to the Consolidated Statement of Comprehensive Income	**12,102**	5,485
Balance at the end of the year	**20,960**	8,858

At 30 September 2016, the Company had unrecognised deferred tax assets totalling £1,710,288 (2015: £732,776), which relate to losses. The Company has not recognised this asset in the Statement of Financial Position due to the uncertainty in the timing when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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 and Customs to the Company of £340,259 (2015: £192,000).

C10. Related party transactions

Details of external related party transactions are set out in note 20. The Company has entered into transactions with its wholly-owned subsidiary undertaking, Actual Experience Inc. during the year. The Company incurred costs of £1,380,390 charged by Actual Experience Inc. during the year (2015: £273,888). At 30 September 2016, an amount of £138,021 was due to the subsidiary company (30 September 2015: £661 due from the subsidiary company).

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Actual Experience plc (**the Company**) will be held at the offices of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE at 11:30am on Friday 3 March 2017 for the following purposes:

TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS:

1. To receive the Company's Annual Accounts, Strategic Report and Directors' and auditors' reports for the year ended 30 September 2016.

2. To reappoint David John (Dave) Page, who, in accordance with the Articles of Association, resigns by rotation and is eligible for reappointment.

3. To reappoint Sir Bryan Carsberg, who, in accordance with the Articles of Association, resigns by rotation and is eligible for reappointment.

4. To reappoint PricewaterhouseCoopers LLP as auditors of the Company.

5. To authorise the Directors to determine the remuneration of the Auditors.

6. That, pursuant to section 551 of the Companies Act 2006 (**Act**), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities up to an aggregate nominal amount of £24,965 provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

   In this resolution, '**Relevant Securities**' means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

   These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect from the passing of this resolution).

TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

7. That, subject to the passing of resolution 6 and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 6 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   7.1 the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

   7.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

   7.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   7.2 the allotment of equity securities otherwise than pursuant to paragraph 7.1 of this resolution) up to an aggregate nominal amount of £7,490,

   and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

   This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect from the passing of this resolution).

By order of the Board

Roy Stephen (Steve) Bennetts
Company Secretary
18 January 2017

Registered office
Quay House
The Ambury
Bath
BA1 1UA
United Kingdom

Registered in England and Wales No. 06838738

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NOTES RELATING TO ANNUAL GENERAL MEETING

ENTITLEMENT TO ATTEND AND VOTE

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 1 March 2017 (or, if the meeting is adjourned, close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

PROXIES

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

   A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

   A proxy may only be appointed in accordance with the procedures set out in notes and the notes to the proxy form.

   The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

3. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's Registrar by phone on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00am and 17.30pm, Monday to Friday including public holidays in England and Wales) or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

   To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, no later than 11.30am on 1 March 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so 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(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service 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 constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Asset Services (ID RA10) no later than 11.30am on 1 March 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers 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 appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) 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 sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CORPORATE REPRESENTATIVES

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

DOCUMENTS AVAILABLE FOR INSPECTION

6. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this Notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.

   a. Copies of the service contracts of the Executive Directors.

   b. Copies of the letters of appointment of the Non-executive Directors.

BIOGRAPHICAL DETAILS OF DIRECTORS

7. Biographical details of all those Directors who are offering themselves for reappointment at the meeting are set out on pages 22 and 23 of the enclosed Annual Report and Accounts.

GLOSSARY OF TERMS

Actual Experience plc is our legal entity. Our brand name is Actual Experience, without the plc. Once we have introduced our brand name, we often shorten it to Actual.

Actual Home – analytic product which diagnoses issues with broadband and wifi in the home.

Actual Work – the analytics tool which analyses the digital supply chains of leading brands around the world, providing the insight required to bring consistency to the quality of the digital experience for their customers and staff.

Analytics as a Service (AaaS) – often shortened to AaaS, Analytics as a Service is the analysis of data (in our case, performance data) in an application hosted on the web. These web-based solutions offer businesses an alternative to developing internal hardware setups just to perform business analytics.

Analytics Cloud – the Actual Experience Analytics Cloud receives data from Digital Users, applies our algorithms to the data and produces an objective score of digital experience quality and supply chain diagnostics. Our patented technology is based on decades of academic research.

Digital Experience Quality – the standard of consistency of digital experience as measured from the user's perspective.

Digital Supply Chain – the combination of businesses and the technologies they provide, including networks, IT infrastructure and applications, that deliver a digital product or service.

Digital User is the measurement software component of Actual Work and Actual Home.

Voice of the Customer – the objective score produced in Actual's Analytics Cloud, which is an accurate proxy for what your customer would tell you about their experience of your digital product or service.

MSP – Managed Service Provider.

SP – Service Provider.

SOURCES

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2. Gartner CEO Survey: Committing to Digital, 2015
3. InformationWeek, May 2016
4. IDC, Worldwide Semi-annual Big Data & Analytics Spending Guide, 2016
5. RnR Market Research, 2016
6. Global CEO Outlook, KPMG, 2016
7. 6th Annual Digital IQ Survey, PwC, 2014
8. Raising your digital quotient, McKinsey, 2015
9. Digital Quality Report, Actual Experience, 2016