actual experience

Transforming user experience

Actual Experience plc
Annual Report 2018

Through evidence, not guesswork

In today's digital world, the user experience of digital services is critical to the success of any business. Excellent user experiences can **increase productivity** of staff, **increase revenue** from loyal customers and **improve brand reputation**.

An inflection point

Financial

Revenue
£1.08m

Loss for the year
£7.21m

Loss per share
16.08p

Cash and cash equivalents
£10.78m

Operational

- The successes of 2018 validated the market opportunity, partner processes and our product
- We received an Open Purchase Order (PO) from a Channel Partner, enabling us to do business with them more easily, the value of the PO was increased towards the end of the year
- First full-scale deployment of a large customer from one of our Channel Partners
- First small-scale deployment to grow to full scale within a Channel Partner

To enhance your experience navigating this report look out for the following symbol:

Additional insight by Actual Experience's experts

Every day, users worldwide suffer from poor digital quality

IT departments are often guessing what’s causing these problems and how best to fix them

Our analytics remove the guesswork

Our Analytics-as-a-Service (AaaS) is able to understand the human experience of the entire digital business of a business, in real time. We call it User Experience 2.0. By correlating behaviour across the digital supply chain with human experience scores, we analyse the digital world through the lens of human experience. This unique proposition enables our customers to pinpoint the causes of poor digital experience for their customers and staff. Our AaaS is the only such tool that is human centric and supply chain aware.

Analytics

MEASURING PERFORMANCE

For a large customer, we make

38,000

measurements per minute

Digital Users

Actual Experience Digital Users (DU) sit inside the end-customer's environment. They can be installed onto laptops, PCs and phones, onto servers and routers or built into the software and hardware that our customers provide. DUs continually take measurements across the digital supply chain of networks, data centres, servers and applications that sits between the application or service being measured and the user, and send this measurement data to our Analytics Cloud.

Insight

REMOVING THE GUESSWORK

For a large customer the Analytics Cloud makes

7 million

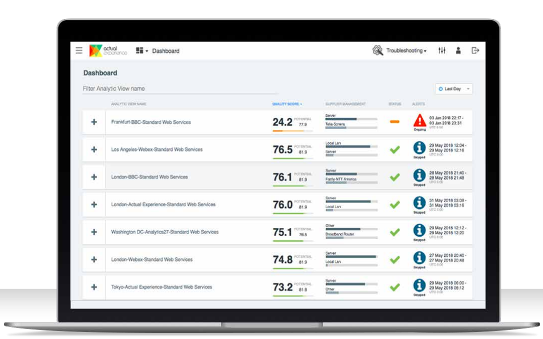
calculations per minute

Analytics Cloud

The Actual Experience Analytics Cloud receives measurement data from the DUs and analyses this data in real time using our patented technology. By correlating the data received from the DUs with our Human Experience Scores, our analytics can locate the causes of poor digital experience, removing the guesswork from improving digital quality.

Action

INFORMED IMPROVEMENTS



Quality Dashboard

The Quality Dashboard provides the data for our customers to pinpoint the causes of poor digital quality, in real time. Using the insight provided they can focus resources on improving and fixing the areas that are impacting on the human experience of their digital business.

Our Digital Quality Score represents a good proxy of the human experience of any application. If the experience of an application or service would leave a user feeling irritated, our scores will be low. A higher score indicates a more consistent experience of the service being analysed.

What this means for businesses

"User Experience 2.0 puts business leaders back in charge. They can confidently develop their digital business with visibility and control over their global digital supply chain."

Dave Page
Chief Executive Officer

Outcomes

MEASURABLE BENEFITS

Enhance brand perception

Poor quality and inconsistent experience of digital services affect customers' perception of the associated brand. By providing the insight that brands were previously lacking, we enable them to provide a consistent human experience thereby enhancing customers' perception of the brand.

In 2017

39%

of consumers would stop shopping with a brand if the website crashes or is too slow

Improve productivity

When a digital application or service isn't working properly, staff can't work productively. Using our products, businesses can ensure the digital services that are critical to the day-to-day running of the business are working consistently, thereby improving the productivity of staff.

Percentage of total wage bill

3%

lost to poor digital quality

See Market insight on page 10

DELAYED DATA

NUISANCE NETWORKS

How it works in practice

STRUGGLING STAFF to SUPER SERVICE

A high-tech Global Engineering Firm that relies on cloud services to enable close collaboration across its global business turned to one of our Channel Partners for support.

Problems

FAILING APPLICATIONS

- Poor service quality for applications, such as video calling
- Issues being reported across multiple sites
- Other tools confirmed the poor performance, and provided additional evidence, but nothing actionable. So far, they had been unable to solve the problem

14 applications
targeted across
13 locations

Solutions

ACTIONABLE INSIGHT

Built in analytics:
The Channel Partner built our Analytics-as-a-Service (AaaS) into the solution they provided to their customer.

Proactive monitoring and improvement:
This approach enabled our Partner to monitor and improve the end user experience. Our analytics identified multiple issues across the target locations within 3 weeks of deployment.

Identifying the problem suppliers:
Using our analytics two main issues were highlighted, affecting sites in China. Two suppliers were identified as responsible for the poor quality the end users were experiencing.

Outcomes

SUPER SERVICE

- Actionable data that had a direct impact on the business. Once fixes were initiated, end users saw a rapid improvement in service quality
- Rapid identification and resolution of issues affecting their users
- Actual is being rolled out as an ongoing business critical tool across multiple locations and services

What this means for businesses

"Without our analytics, the problems staff are encountering with the applications they use on a daily basis would have gone unresolved. Actual enabled this global firm to quickly and simply locate the cause of the poor quality and introduce the required fixes."

Brenda Belleville
Global Business Director

Generating increased revenues

I am pleased to report that 2018 was the year in which we delivered the first full scale customer deployments with one of our Channel Partners. Our singular focus throughout the year on supporting our Partners to achieve these deployments was effective, and we were able to roll out our analytics on time and at scale. A second large order was announced in June, however, the revenues from the second customer deployment are not included in our FY'18 financial results. Its associated revenues will contribute to the current fiscal year's revenue figure.

"Our singular focus on supporting our Partners to achieve large scale deployment was effective, delivering greater revenue than in previous years."

Stephen Davidson
Non-executive Chairman

In addition to those announced, throughout the year we saw a number of smaller deployments into the customers of our Channel Partners. Much like the growth demonstrated by the second announced deployment, we expect some of these to grow in size and value reaching large scale over the next 12-24 months.

The large-scale implementation of our Analytics-as-a-Service (AaaS) represents the first validation of the market opportunity for Actual Experience. The Board remains confident that large enterprise customers of our Channel Partners, deployed at full scale, can deliver revenues in the order of $500,000 per annum to the Company. The typical size and type of organisation with whom we have chosen to partner, means that a committed Channel Partner has the potential to deliver at least $10m annual revenue to Actual Experience. We still have some distance to go before achieving this target, but it is one for which we have prepared the business and which we believe we can achieve.

Strategy

The market opportunity for Actual is vast. In 2017, UNCTAD, the main U.N. body dealing with trade, investment and development issues, estimated the value of the global digital economy to be $25t, made up of digital transactions between businesses and their customers.

The use of our analytics enables, for the first time, the leaders of these businesses to see when their customers or employees are struggling with poor digital quality and identify the areas impacting their digital experience. Our unique proposition, supporting businesses to improve the user experience of their digital products and services through the use of our AaaS, gives our analytics far-reaching applicability, with the potential to benefit the entire global digital economy.

We will continue development, ensuring that our product is simple to deploy and use and that our Partners and their customers can readily make full use of our analytic capabilities.

Financials and cash

As a result of the first large scale customer deployment and its part year contribution, revenue for the year increased to £1.08m (2017: £0.36m) with an exit Annual Recurring Revenue figure of £1.6m. After the year end this figure has further increased to £1.8m as at December 2018. Given this level of recurring revenue and year end cash balances of £10.8m, the Board remains confident that Actual is well positioned to introduce our AaaS into the global digital economy at scale.

Channel Partners
Working closely with two of our Channel Partners during the year has allowed these two Partners to create a template for installing our analytics at scale into their large customers. Now that this template is in place, and its effectiveness evidenced, we are seeing an increase in momentum and engagement within these Partners. I thank them for the significant investment of resources they are making in deploying our AaaS and their continued confidence in our services.

Our people
Our people continue to be the core of our success. I am delighted that employee engagement scores continue to be high and above the industry benchmark. Further details of those results, support and benefits can be found on pages 22-25 of this report. With the rest of the Board, I would like to extend my gratitude to all of our colleagues for their hard work and dedication throughout the year.

Shareholders
In September we hosted a Capital Markets Day. Attendees had the opportunity to hear from one of our customers first hand, as well as seeing a live demonstration of our service and an update on progress within the business. I would like to thank all of our shareholders for their time and continued support to the Company.

Outlook
In 2018, revenues increased materially, in validation of our business model, establishing long-term annuity revenues. Our focus is now to build on the success of 2018, working closely with our Channel Partners, to develop a pipeline and bring an increasing number of customers into production. We expect progress to increase as the year goes on. The Board continues to be confident that we can capitalise on the massive market opportunity that is before us, and we look forward to converting that potential.

Stephen Davidson
Non-executive Chairman
15 January 2019

Investment case

UNIQUE PATENTED IP
We have developed unique IP that allows us to deliver differentiated value propositions for our Channel Partners and their customers. We have patents granted in the US and China, and pending in Europe, and over ten years of research and development expertise.

See pages 12-13

LARGE ADDRESSABLE MARKET
In 2017, UNCTAD measured The Global Digital Economy at

$25.3t

See pages 10-11

SCALABLE TECHNOLOGY
Our Digital Users are lightweight software that can be built into both the software and hardware that supplies digital journeys globally. Being built into the products, as well as the services, provided by our Channel Partners will enable us to reach deeper into the Global Digital Economy as we become integral, rather than additional, to the services provided by our Channel Partners.

See pages 20-21

LARGE CHANNEL PARTNERS ENGAGED
Our Channel Partners are some of the largest service providers in the world; building our AaaS into their products and processes will enable us to scale quickly and reach further into the Global Digital Economy.

PRODUCT AND MARKET VALIDATION
This year we have seen the first two full-scale deployments of our AaaS within customers of two different Channel Partners. These deployments, and the Open Purchase Orders announced during the year, validate the product and process improvements completed in 2017 and supports the Board's belief that a Channel Partner's largest customers can be worth $500k per annum to Actual Experience when fully deployed.

See pages 18-19

FUNDS AVAILABLE TO ACCELERATE DEPLOYMENT
We exited 2018 with

£10.8m

cash

See pages 26-27

Market insight

The hidden cost of lost productivity

Market overview

Ecommerce market (UNCTAD 2017)

$25.3t

In an increasingly digital world, the impact of poor digital quality is a key driver of poor productivity.

Productivity growth in advanced economies, such as the US and Europe, remains tepid even amid unprecedented technological change.

In this environment it is crucial that businesses, of all sizes, are alert to the impact poor digital quality can have on the productivity and engagement of their workforce.

Variability in digital quality adversely affects employee productivity. Based on our analysis of a year's worth of data from real-world deployments, we can see that just a 10 point drop in the digital quality score equates to about an hour of lost productivity, per employee.

Our digital quality score represents a proxy of how a human user would describe their experience of a digital service or application, if you were to ask them. A low score indicates poor digital quality and a variable experience for the user, a high score indicates good digital quality and a consistent experience for the user, with no variability, giving good user experience.

Actual Experience enables businesses to address the causes of variability and poor quality within the digital supply chains that serve their employees. Taking action to improve the digital quality score improves the productivity of employees, saving businesses money.

Digital Quality Score of 80

= no time lost in an 8 hour working day

The application being used is performing well.

Using our digital quality scores, it is easy to see the impact variability has on human experience.

At a digital quality score of 80, a user would be at their most productive.

MANAGING THE QUALITY OF USERS' DIGITAL JOURNEYS AND THE CONSISTENCY OF THEIR EXPERIENCE IS WHERE ACTUAL EXPERIENCE ADDS VALUE.

Digital Quality Score of 70

= ~1hr lost in an 8 hour working day, for one employee

The inconsistency of the digital experience of the application is having an impact on the user.

Digital Quality Score of 60

= ~2hrs lost in an 8 hour working day, for one employee

The user experience of the application is very inconsistent.

For a Fortune 500 Company, with just 20% digital business processes, a digital quality score of 70 would cost around $200m in lost staff time a year.

When first introducing our analytics, customers typically have a digital quality score of between 60 and 70.

At a digital quality score of 60, a user would lose around two hours a day to inconsistency and poor quality digital experience.

Even a 10 point change in the average Digital Quality Score has a significant impact on time lost.

$200m

of lost staff time per year.

What this means for businesses

"Without a firm grip on human experience, businesses are guessing as to the effects of the variability in their digital supply chains on employee productivity. Using Actual Experience enables businesses to see the impact poor digital quality is having on their employees, and by taking action businesses can see significant improvements to productivity within their teams."

Professor Jonathan Pitts
Chief Science Officer

Our unique IP allows us to deliver high value to Partners and stakeholders

Annuity revenue model

We provide Analytics-as-a-Service (AaaS) to our Channel Partners. They build our AaaS into the solutions, hardware and software that they provide to their customers. This gives our Partners and their customers the actionable insight needed to improve their customers' digital journeys.

We sell our Channel Partners analytic capacity in our Analytics Cloud. The greater the required capacity, the greater the fee. We expect, on average, the revenue to us from a Channel Partner's customer to be $500k per annum, with the full-scale deployments that took place this year validating that expectation. Our Channel Partners have hundreds of customers at the scale of those deployed this year, and thousands of small and medium-sized business customers.

Digital Users (DUs) are licensed for free. This enables customers to install them wherever they may need them. Fees are charged on a per analytic basis, for analysis of the DU measurements.

As we have seen in this past year, some customers will deploy at full scale immediately and some will grow to full scale over a longer period. Full adoption of Actual Experience within a Channel Partner's customer is expected to take from 12 months to two years.

Full rollout of our AaaS by a Channel Partner amongst their customers is likely to take three to five years.

> "As our Channel Partners build Actual Experience into the five or seven year service packages they provide to their customers, we are starting to see the first revenues fitting our business model: annuity revenues, recurring over a number of years."

Dave Page
Chief Executive Officer

KEY STRENGTHS

Intellectual property

Patents
We have patents granted in the US and China and pending in Europe.

Trade secrets
It has taken the last 9½ years, since the creation of the Company, to make the patented technology work effectively in the real world.

Expertise
Within the R&D team we have particular expertise in the field of mathematics, and in Sales we have deep experience in understanding the operation of Channel Partners.

Process and platform

Our AaaS platform has been live since 2011, with continual improvements being made. The value proposition is now firmly established amongst our Channel Partners.

Channel partnerships

We are focused on developing relationships with large Channel Partners, who have access to an enormous number of business and consumer customers.

First mover advantage

Although there are many vendors targeting budgets for the improvement of digital journeys, the Board remains convinced that we are uniquely positioned amongst these vendors because of our ability to analyse complex digital supply chains.

GENERATING VALUE

AaaS

Our AaaS provides actionable information for our Channel Partners to improve the digital journeys that exist in a highly complex digital supply chain made up of numerous businesses and technologies. Using our analytics, businesses can fix the causes of the poor digital quality that impact their customers' perception of their brand and the productivity of their staff.

Scalable operating model

We have invested considerable time and effort working with our Channel Partners to be built into their customer offerings. We will continue our focus to be built, not only into their solutions but also, into their software and hardware. Channel Partners will increasingly become able to scale the rollout of our AaaS independently, and in maturity they will require minimal support from Actual Experience.

Vast market opportunity

Our AaaS improves the quality of the digital journeys that make up the $25t global digital economy. As the number of transactions that take place digitally increase, the need for consistency and quality to support the global digital economy will only increase.

WHO BENEFITS

Channel Partners

Our AaaS improves the operational efficiency of our Channel Partners, reducing the cost of service delivery and differentiating their offerings in the market.

End users

Clients, their staff and customers

Business leaders are increasingly aware that the productivity of their staff and the satisfaction of their online customers relies heavily on the quality of their digital journeys. With Actual Experience, they have actionable information to continuously improve the quality of digital journeys.

Shareholders

Long-term capital growth

With our long-term aim of being built into the solutions, software and hardware supplied by our Channel Partners, Actual Experience will be positioned to become the digital quality management tool to the entire global digital economy. Successful execution with our existing Channel Partners will lay the foundation for enormous growth potential in the next 10 years through our existing and new Channel Partner relationships.

Employees

Actual Experience is dedicated to ensuring the happiness and success of our employees. Providing rewarding careers at the cutting edge of technology, staff are encouraged to grow with the business and are provided with regular opportunities for personal development.

Significant progress and growth

2018 has been a year of significant progress and growth for the Company. The hard work and preparation of previous years came to fruition as we were able to announce the first full-scale deployment of our analytics within the customers of two of our Channel Partners. The product and process improvements completed in previous years, with the goal of getting us to this point, have been validated with the value of these first deployments supporting our estimation that a large customer of one of our Channel Partners when fully deployed, can deliver revenues in order of $500,000 per annum to the Company.

We are at the inflection point we have been working towards, with the first of our Partners now deploying our analytics at a large scale into their customers. This year, we need to leverage the success of these initial full-scale deployments converting the momentum into an increasing pipeline and ultimately revenue, continually improving our level of Annual Recurring Revenue (ARR). (Annual Recurring Revenue is management's best estimate of expected revenues of at least 12 months in duration, based on ongoing commercial arrangements). We will continue to focus on our four Channel Partners until the pipeline and associated deal flow that they generate is systematic and engrained into their processes and planning, creating a more predictable and consistent revenue stream for us.

Our Partners can be confident that we have a product that can serve their customers at the scale and speed demanded by large enterprises, with these first full-scale deployments acting as the proof-points required for further deployments at scale. We have seen engagement levels increase among our Channel Partners following these deployments, and we are expecting for the first time one of our Partners to have their own internal revenue forecast for our product with resources committed wholly to us within their product and sales organisations. Once these systems and processes are fully implemented, we expect them to be a driver of revenue in FY'19, and into the years to come.

"The inflection point that we have been working towards for 9½ years has been reached."

Dave Page
Chief Executive Officer

We remain focused on being increasingly built into the deals, products and services of our Channel Partners. This built-in model means that we will be automatically part of the products and services consumed by our Partners' customers, rather than sold individually to each customer on every occasion and is a feature of our wider strategy focused on building strong relationships with our Channel Partners. Once we are fully built-in, the challenge of per-customer sales is removed and we will move into more fluid deal flow and revenue generation.

Open Purchase Order (PO)

We are encouraged by the expansion of the open PO, another signal that our Partners are confident in their ability to further deploy our analytics into their customer base. We expect acceleration to be slow at first and build throughout the year as deals move through the pipeline and into deployment.

Sales and marketing

As the number and scale of deployments increase, we are developing a more robust sales process in partnership with our Channel Partners, ensuring that we make the most of the opportunity that these initial successes have given us. To support our partners, our sales and marketing teams are focusing on ensuring they have the tools they need to effectively bring our proposition to their customers.

Our messaging, which we have been developing over a number of years, will continue to be simplified.

We will increase our marketing efforts, implementing a programme of digital marketing to support our marketing within our Channel Partners.

To enable our Channel Partners to become more self-sufficient in the use and implementation of our product, we will be providing web-based training.

Supporting our partners in the selling, implementation and use of our product will facilitate the building of pipeline and ease of deployment.

Product development

The large deployments validate that the product is fit for purpose. Now we have a relentless focus to reduce the skills required by our Channel Partners throughout the product life cycle. By so doing we can, first of all, reduce the time and effort of our Partners in deploying these large projects and, secondly, as the skill levels required reduce, we can work our way into mid-tier and ultimately into small business customers. The simplification of the product life cycle is key to our expanding into the addressable market for our technology and, equally, it is the aim of our Partners that digital quality management becomes available to as many of their customers as possible.

Current trading and outlook

Now that the first two full-scale deployments of our analytics within the customers of our Channel Partners are in place, and we are seeing increasing momentum within those Partners, the inflection point that we had been anticipating has been reached. The goal for this year is to maximise on the opportunity within our Partners by leveraging the success of the previous year and building the ARR business. We are confident that these initial deployments will serve as the start of a growing pipeline of deals and expect to see the number and rate of deployments increase gradually throughout FY'19, bringing another year of increased revenue and continually improving our level of ARR for the years to come.

Dave Page
Chief Executive Officer
15 January 2019

Becoming built into solutions, hardware and software

Now that we have the first successful large-scale deployments with our Channel Partners our focus is on building on this success, supporting our customers to achieve more successful deployments within their customers.

1 COMMERCIAL ROLLOUT

With the first large-scale deployments having taken place, we are at the pivotal stage we have been working towards for a number of years. The hard work completed in FY'17 in improving our processes and our products to better support our Channel Partners has been validated, and we are now focused on leveraging this initial success.

We have earned the commitment of the first of our Partners to accelerated progress through the creation of joint forecasts, which will deliver increasing deal flow and revenue.

We are continuing to work towards being built in to the solutions, hardware and software of our Partners, bringing our product to more of the global digital economy.

The two large-scale deployments announced during the year were our biggest to date

Deployment 1
- Large healthcare provider
- 4,544 analytics
- 438 sites

Deployment 2
- Large government organisation
- 905 analytics
- 67 sites

See page 18

2 PRODUCT INNOVATION

Continuous simplification of our product life cycle is key to our success. To achieve this simplification, we are constantly working to reduce the skill level required to deploy, configure and use our product.

Progress so far
- Launch of Computer-Aided-Design feature (CAD) to facilitate the deployment of large numbers of Digital Users (DUs)
- Development of new dashboards to simplify the understanding of our data

See page 19

Releases made available in 2018

13

3 EXCELLENT SERVICE

Our Partners and their Customers have high expectations of our Analytics-as-a-Service.

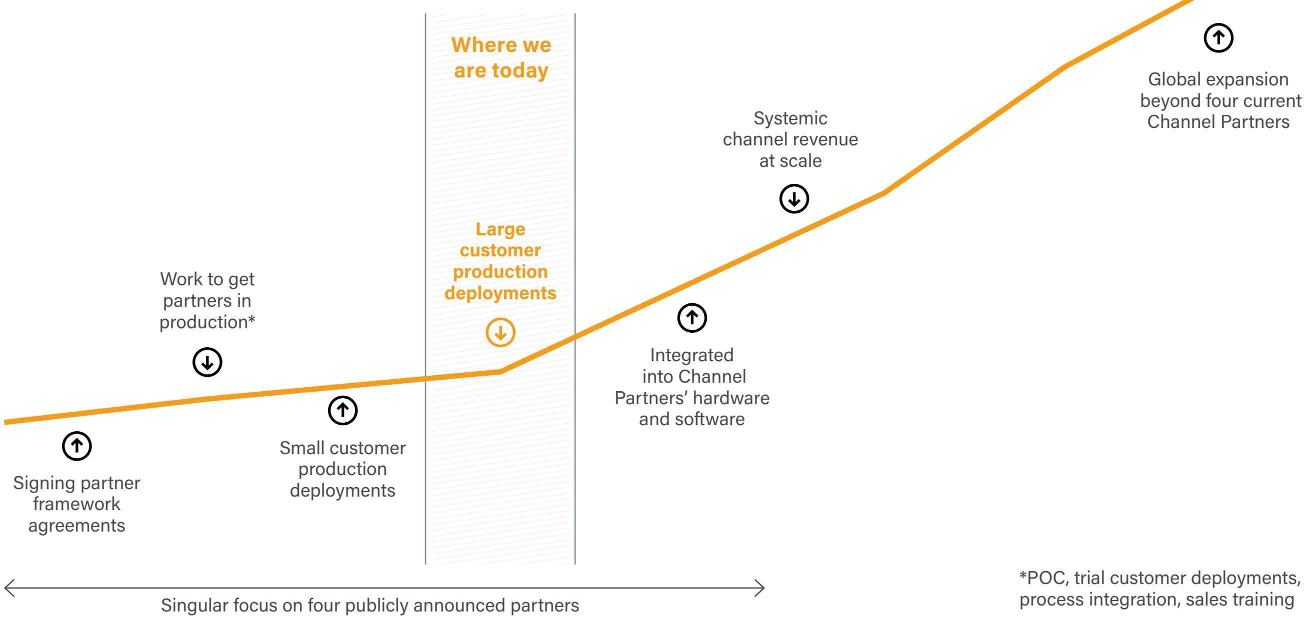
Supporting our Channel Partners to deploy and use our software is integral to our service offering.

Current focus
- Evolving and developing our 24x7 support function
- Continuous training and development
- Enhancing 2nd and 3rd line support

Support tickets resolved by 1st line support

87%

Commercialisation road map



*POC, trial customer deployments, process integration, sales training

Next steps

- Develop tools to support different use cases
- Continuous reduction in the skill level required across the product life cycle, making it easier, quicker and cheaper for our partners to deploy our technology and giving us access to more deals with smaller businesses

Future priorities

- Supporting the Channels as they scale
- Continuous process improvements
- Development of 'centre of excellence' for supporting our partners

Our key Channel Partners provide global reach though initially our focus is on North America and Europe.

Verizon is a global leader delivering innovative communications and technology solutions that improve the way their customers live, work and play.

Vodafone is one of the world's largest telecommunications companies providing a wide range of services including voice, messaging and data across mobile and fixed networks.

Accenture solves their clients' toughest challenges by providing unmatched services in strategy, consulting, digital, technology and operations.

A Forbes' Top 100 global brand
A brand that provides professionals with the intelligence, technology and human expertise they need to find trusted answers.

Leveraging success

Following years of hard work and dedication, we have reached a pivotal moment for Actual Experience.

1

Commercial rollouts

With the first two large-scale deployments successfully complete, our partners have a template for deployment that is referenceable and repeatable.

Our goal for FY'19 is to leverage that success, supporting our customers to complete more large-scale deployments amongst their customers more quickly throughout the year. By using these deployments as a template, our Partners will be able to accelerate deal flow and scale.

Deployed at scale

Being able to deploy our analytics at this scale would have been impossible without the product and process improvements that were made during the previous year. We now know that we have an offering that is able to be deployed at the scale required by the largest customers of our Channel Partners, and in a way that meets the requirements of the Channel Partners and their end customers.

Customer satisfaction

These deployments were successful, not just in terms of the effectiveness of the analytics or the numbers deployed, but also in terms of customer satisfaction; the Channel Partners and their end customers are both happy with the results so far and enthusiastic about continuing to use our analytics.

Next steps

These two initial deployments have created a step-change in engagement without those Channel Partners. The business of this next year is to convert this enthusiasm into a forecast and pipeline, becoming built in to the deal flow of our partners, with revenue accelerating as FY'19 goes on.

What this means for us

"With these two large customers the market opportunity and the product and process improvements we undertook prior to these full-scale deployments have been validated."

Dave Page
Chief Executive Officer

Number of digital users

+1,169

Number of digital users

+290

2

Product innovation

To date, the focus of our product development has been to get our product ready to be deployed at a large scale within a customer of one of our Channel Partners.

Simplification

Now that our product is fit for purpose, we are focusing on continuously reducing the skill level required across the product lifecycle. This simplification will serve to broaden the addressable market for our product.

- Deploy – deployment of our DUs within a business – to become zero touch
- Configure – the analytics and our analytics cloud – increasingly system supported
- Use – in our primary use cases: troubleshooting and quality improvement – providing answers that require no interpretation.

Insight

In addition to the continuous simplification of the product, we are concentrating our research to provide greater insight from the data that our DUs gather. These developments will enable us to deliver increasing value to our customers, giving them faster results and a deeper understanding of the areas affecting the experience of their end users.

Person hours spent in FY'18 on R&D

56,000

To ensure we retain our competitive advantage, we continue to build innovation into our product.

Ready to scale

"Our Partners are naturally demanding, as are their Customers, and we have to exceed their expectations."

Robin Young
Chief Operating Officer

During the past year, we have successfully managed the first large-scale deployments of analytics within the end-customers of two Channel Partners.

Significant process and structural activity, carried out in 2017, created the frameworks that ensured the business was able to support multiple large enterprise deliveries. Each element of the Operations Team has a clear matrix, driven by customer forecasts, that allows scaling to be managed effectively and efficiently. An integrated people-plan underpins all of our activity, blending experienced hiring with internal training programmes and an Apprenticeship scheme.

We can now be confident that we are ready to service multiple Channel Partners as they continue to scale, delivering more and larger deployments of our analytics amongst their customers.

24x7 support

Operations have completed the building of a full-service help desk to support our customers 24 hours a day, seven days a week. Using ITIL best practice, we have created a support model that is easy for customers to engage with, use, and can be scaled quickly. Processes have been designed to ensure that new team members can be efficiently trained in a short period and ready to support customers by resolving incidents under the supervision of an experienced colleague.

Support structures have been designed to resolve over 80% of requests at first point of contact, Tier 1 teams working directly with partners to resolve problems. More complex issues are seamlessly escalated to Tier 2 experts who not only provide the deep knowledge necessary but have an ongoing focus on knowledge transfer to their colleagues.

Ensuring that our support function is fit for purpose to serve our Channel Partners and their end-customers is critical to the Company's success. We will maintain our focus on developing our processes, making sure that we are exceeding the expectations of our Partners in terms of service and support. As the number of deployments increases, we will continuously assess this area of the business to maintain our ability to service Partners at scale.

Change Advisory Board and Project Management Office

With Company growth, the need to establish more robust procedures to support our change portfolio and manage projects throughout the business has emerged. One of the most significant and wide-ranging procedural improvements was the implementation of a Change Advisory Board (CAB), which works in conjunction with our Prince-2-driven Project Management Office.

CAB exists to approve and prioritise change across the business. Representing all areas, it operates as a single, central entity to consider individual requests within the whole business context. Cross-functional assessment results in efficient resource allocation and produces well-defined requirements for different teams to deliver. It is the channel through which the business responds to internal or Customer requests, and provides communication, to employees and Customers, about changes that will affect them.

Throughout the year our CAB has seen 128 business projects through to completion, including 13 new product releases and 76 internal business changes. This system means that as the number and complexity of new product releases, updates and other projects continues to increase, the business will be able to deliver these to our Partners in a timely and organised fashion.

Information security

Cyber security remains a key area of focus for us and our Channel Partners. This year in addition to retaining the Cyber Essentials Plus accreditation, we completed an intensive assessment through the IASME Governance process. External audits have consistently been impressed with the innovative approach to security training, delivered to every part of the organisation using a tailored Learning Management System (LMS).

Over the last year, we (like many organisations of similar size) have detected a number of cyber-attacks. Our defence systems are high-quality, wide-ranging and cover all elements of the business.

When GDPR hit – we were ready! In readiness for GDPR, a year-long programme of staff training, cataloguing data and review of company systems was completed. Final non-compliant systems were removed a month before the GDPR deadline following a complex decommissioning project. As a critical area of importance to our Channel Partners and end-customers, regular system reviews are undertaken.

Training and development

Supporting our employees through training and development is important to the success of the Company. Our Operations Team use a training and development framework designed to guide individuals through a growth path. A mixture of technical and personal skills become the basis for each team member to develop, add ever increasing value, and build their career. This internally focused programme minimises the need for significant external recruitment.

Our aim is to create a centre of excellence within Actual, where our internal support team are the main holders of knowledge and insight about our technology and product. Increasing the depth and breadth of knowledge in this area will support our product goals, and create a service offering that is truly scalable.

Robin Young
Chief Operating Officer
15 January 2019

Creating a great working environment

In addition to creating a great working environment for our employees, we recognise the importance of having a positive impact on the local community and supporting charities and causes across the globe.

Throughout the year we have supported our employees to take part in community and charity events. In FY'19 we will be building on this foundation to develop a Corporate Social Responsibilty (CSR) plan, enabling us to increase our impact on the charities and communities that we support.

Community and charitable activities

Our employees support a variety of charities by taking part in events and raising funds during the year. In FY'18 employees took part in the Bath Boules event, which raises funds for local charities via the Bath Boules Trust. In addition to our annual participation in this event, following feedback in the Employee Engagement Survey, we launched payroll giving in the year enabling employees to make donations to charities of their choice directly through payroll.

As well as employee participation in charitable events in the local community, in 2018 we supported one of our employees to take a sabbatical using her professional expertise working for the Kyaninga Child Development Centre in Uganda. She said, "Doing this kind of work in Uganda was interesting, fun and also challenging. I came home with a renewed appreciation of many things including my job at Actual. We work for a company that really supports people, as evidenced by them allowing me the time to go and pursue one of my dreams!"

Training hours provided

+225

New staff during the year

+20

We want to continue to support and encourage our employees to be involved with the local community, supporting charities and making a positive impact. In FY'19 we will increase the number and expand the type of events that we take part in to support charities and the local community, recognising that our employees want to support organisations that are meaningful to them using their skills to benefit others.

Our people

Our people are key to our success. It is important that we encourage our diverse and talented team, creating an environment where they can enjoy coming to work, have fun and thrive in their careers while meeting their personal development goals. We offer a variety of benefits to our employees including, health insurance, share options, company events and parties, in-office yoga, and a free lunch on Fridays. By ensuring that all of our employees enjoy their roles and working together, we are making sure that we have the best team in place to support our customers.

Training and development priorities: In order to provide the best products and services for our customers, our employees need to be knowledgeable in their areas and confident in their roles. In the year, we launched our LMS for employees which provides the learning content they need for their roles, as well as more general training in areas such as GDPR and security.

Throughout FY'19 we will continue to grow our training and development offering. As well as adding to our LMS, we will formally launch Personal Development Plans (PDPs) for all employees. These will enable managers to support their teams to achieve their career and personal development goals, highlighting areas where additional support is required and pinpointing the resources needed to support our employees.

Apprenticeships and mentoring initiatives: Our employees supported two local schools by mentoring a group of 30 students. The mentoring sessions took place in our Bath HQ, with the team of employees working with the students on areas such as CV writing and confidence. This was a great opportunity, not only for the students themselves who got to see a real workplace and consider pathways for their lives after school, but also for our employees who developed their presentation and leadership skills during the six-week programme.

Apprenticeships

AN 'ACTUAL' JOURNEY

Meet Ben Durrant,
Apprentice Service Desk
Support Analyst

Why did you choose to do an apprenticeship?
The idea of doing an apprenticeship was suggested to me by my dad, after I decided to decline a place at the University of Lincoln. The idea of doing an apprenticeship appealed to me as it would provide good work experience, while getting paid and earning a qualification.

What was the best thing about it?
Aside from the "getting paid to learn instead of paying to learn" aspect, I also like how practical apprenticeships are. I much prefer to learn by doing, rather than studying.

How do you find working at Actual Experience?
I love working at Actual, the culture is very welcoming and friendly. The food on Fridays is an obvious upside, but ultimately it's the people around you that affect whether you enjoy your job.

What will you do when your apprenticeship has finished?
Initially I'll stay on the Tier 1 service desk, but eventually I plan to progress into other teams. I'd like to be somewhere in the design/UI area but will need to brush up on my skills before I get there.

We encourage collaboration between teams.

As part of our commitment to supporting learning and development, we took on an apprentice in the year. With a dedicated development plan, and support from management and HR, he has been learning about our business with the view to becoming a fully certified Service Desk Analyst. This will be the first step on his career development with us, as many of our Service Desk team grow within the company, taking on new roles within Operations as they further develop their skills.

Culture and values

Having a strong culture and values is vital to the success of any organisation. At Actual, it is important to us that our employees feel valued and part of a team that works together to achieve its goals.

We have regular All Company Updates, during which Dave Page and other members of the Leadership Team update employees about company progress, new initiatives and product developments. We are a dispersed team, with employees based in the US and Europe, so these regular updates (which can be accessed via phone and video) are key to ensuring that all of our employees are fully engaged with the business.

We like to encourage a culture of curiosity and learning within our teams. To support learning and sharing of knowledge within the Company, we run a series of 'Lunch and Learns'. These sessions take place over lunch breaks with presentations from our staff about projects they have been working on, introducing new initiatives to the team, and external speakers on topics such as entrepreneurship and charity work.

The year ahead

As we continue our external focus on supporting our Channel Partners, our internal focus will remain on supporting our staff to achieve our business goals, part of this support will be continuing to develop our CSR programme.

Encouraging our employees to become involved in our CSR initiatives will be a key focus. Using their skills within the local community will help our people to continue to grow, giving increased job satisfaction and a greater sense of well-being.

A collaborative workplace where talent thrives

At Actual Experience, our people are key to our success. We are proud of our ability to attract and retain the best people who work hard to ensure that our product delights our customers.

Employees

90

"Actual Experience is a great place to work, filled with people who are passionate about their jobs and enjoyable to work with."

Renée Jacobs
Business Projects Manager

We attract THE BEST TALENT

The market for talent within the IT and software industries is very competitive. We have built our Bath HQ and employee benefits package to enable us to compete with the big technology companies in the south west. Our employees enjoy a relaxed and vibrant office environment where we support them to be the best that they can be, achieving success in their roles and developing their careers and personal goals.

We encourage DIVERSITY WITHIN OUR TEAM

We believe that diversity of experience and background within teams encourages creativity. We have policies and procedures in place to support all employees. While our gender split continues to be higher than the industry average, at 25% female, we are proactively looking to improve this as we believe in the importance of our team reflecting the customers we serve.

- 65 Male employees
- 25 Female employees

We equip
OUR PEOPLE WITH THE RIGHT SKILLS

We recognise that enabling our employees to continue to develop, learn and grow is integral, not only to their success as individuals, but also to our success as a company. In 2018, we started work on developing our learning management system to support all employees to gain the knowledge and skills they need to excel in their careers.

Investment in learning and development

+£35k

We care
WHAT OUR PEOPLE THINK

We encourage our employees to take part in our six-monthly Employee Engagement Surveys. These surveys act as a temperature check for our business, gathering the feedback of our staff enables us to understand what is important to them and to introduce improvements throughout the business.

Staff engagement rate Actual Experience Engagement Survey

93%

We support
THE LOCAL COMMUNITY

As an employer in Bath, we recognise that we have an impact on the local community. Our employees are excited by the opportunity to support local charities and get involved in the community. As well as taking part in fundraising activities for local charities, in FY'18 members of our team mentored students from two local schools, a project that benefits the students and our employees alike.

We took part in the Bath Boules event.

Revenue

Revenue recognised in the year ended 30 September 2018 was £1,076,463 (2017: £364,832) and relates to the supply of analytical services and associated consultancy activities to customers. 95% of revenue was derived from sales to Channel customers (2017: 68%) 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 loss

The gross loss for the year was £88,645, a significant reduction from the prior year (2017: loss of £935,852). In addition to the increase in revenue, the Group further improved the efficiency of its infrastructure while continuing to provide full support for its Channel Partners.

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, finance and administration costs, and foreign exchange gains and losses, totalled £7,293,472, an increase of £316,658 compared to the prior year. This increase reflects the continued investment made by the Group in technology development and operational support infrastructure. Personnel costs continue to be the largest expense and represent approximately 75% of the Group's cost base. The functional cost breakdown is on the facing page.

"The Group ended the year with cash totalling £10.78m."

Steve Bennetts
Chief Financial Officer

Administrative Expenses	2018 £	2017 £
Research and development	**2,555,825**	2,268,142
Operational support	**1,120,428**	925,777
Sales and marketing	**2,559,403**	2,635,094
Finance and administration	**1,101,868**	1,030,139
Foreign exchange gains/(losses)	**(44,052)**	117,662
Total	**7,293,472**	6,976,814

Tax
The tax credits recognised in the current and previous financial year arose from the accrual of R&D tax credits.

Loss for the year
Losses after tax totalled £7,211,796 (2017: loss of £7,397,149). These losses are primarily generated by employee costs and related expenses.

Loss per share
The loss per share for the year was 16.08p (2017: loss of 17.72p). The reduction in loss per share is primarily the result of an increase in the weighted average number of ordinary shares in issue during the year.

Dividend
No dividend has been proposed for the year ended 30 September 2018 (2017: £nil).

Cash flow
We are investing in the growth of our operations to address what we believe to be a significant commercial opportunity and our cash flow from operations was therefore negative during the year ended 30 September 2018, 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 £6,433,222 for the year, compared to cash used of £7,086,016 for the year ended 30 September 2017. This operating cash requirement was substantially funded by cash reserves and the Group ended the year with cash and term deposits totalling £10,776,516 (2017: £18,209,850).

Free cash flow for the year was £(7,629,560) (2017: £(8,175,879)). Free cash flow is defined as net cash flows used in operating activities, plus development of intangible assets, plus purchase of property, plant and equipment.

Software development capitalisation
The Directors believe that the software development capitalisation criteria in IAS38 have been met and accordingly cumulative development costs, net of amortisation charges, of £1,579,227 have been capitalised as at 30 September 2018 (2017: £1,266,261).

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 48 to 53.

Principal risks and uncertainties
The principal risks and uncertainties facing the Group are set out on pages 28 and 29.

Key performance indicators (KPIs)
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 £1,076,463 (2017: £364,832) and the level of cash and term deposits held in the business of £10,776,516 (2017: £18,209,850). 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 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 a materially adverse impact on the environment.

Human rights policy
We have adopted a formal equal opportunities policy which is contained in our 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, gender, disability, sexual orientation, marriage or civil partnership, pregnancy or maternity, religion or belief, or age.

Employees
As at 30 September 2018 the Group employed 90 people in two offices (2017: 80 people), of whom 65 were male and 25 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 2018 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
15 January 2019

Risk management framework

In common with all businesses, we are exposed to risks and uncertainties as an inherent part of creating value for our 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. The identification of risk therefore continues to be an important activity and effective risk management is ingrained in 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 meet two or three times per year and report their findings to the Board.

The Risk Policy defines how and at what frequency risks shall be reviewed. The Executive Risk Committee meets on a monthly basis and membership is made up of 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 Executive Risk Committee 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.

Risk governance overview

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

EXECUTIVE RISK COMMITTEE

- Operational review and management of risk
- Allocation of risk to owners and agree risk assessment
- Implementation of risk mitigations
- Funding and resource allocation

MASTER RISK REGISTER

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 to achieving our strategic operations are as summarised on the opposite side:

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 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, there could be 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 analytical services and pricing model by Channel customers. Successful engagement with large Channel customers 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 customers 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 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. It is essential that the Group is able to attract employees of a high calibre to drive its future success.	**Developing the human resources function** The HR function is leading new initiatives and enhancing existing processes with regard to recruitment activities, employment practices and staff benefits. The Group has introduced share-based compensation as 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 has introduced a defined contribution pension scheme, health insurance, life insurance and other employee benefits, ensuring that the Group 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 of 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 back-ups, and disaster recovery and business continuity plans are in place to ensure robust sustainability of operations.

STEPHEN DAVIDSON
Non-executive Chairman

Appointed to Board:
February 2014

Independent:
Yes

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

Re N E

DAVE PAGE
Chief Executive Officer

Appointed to Board:
February 2014

Independent:
No

Dave has diverse commercial and technical IT experience. 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.

N Ri E

STEVE BENNETTS
Chief Financial Officer

Appointed to Board:
February 2014

Independent:
No

Steve joined Actual Experience in October 2013. He qualified as a Chartered Accountant with EY 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.

Ri E

ROBIN YOUNG
Chief Operating Officer

Appointed to Board:
September 2014

Independent:
No

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.

Ri E

SIR BRYAN CARSBERG
Non-executive Director

Appointed to Board:
July 2014

Independent:
Yes

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.

A Re E

DR MARK REILLY
Non-executive Director

Appointed to Board:
February 2014

Independent:
No

Mark is Managing Partner, Technology at 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 Navenio Ltd. He has overseen successful IP Group exits such as mobile software company Overlay Media 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.

A Re N E

PAUL SPENCE
Non-executive Director

Appointed to Board:
February 2016

Independent:
Yes

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.

A N Ri E

Committee membership

- E Executive Board
- A Audit
- Re Remuneration
- N Nomination
- Ri Risk
- Denotes Chairman

Independence

Independent	3
Non-independent	4

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2018. 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 domiciled in the United Kingdom, 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 2018 are set out in the Consolidated statement of comprehensive income on page 44.

The Directors do not propose payment of a dividend for the year ended 30 September 2018 (2017: 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 29. 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 30 and 31.

Directors' interests and indemnity arrangements

Directors' interests in the shares of the Company, including family interests, are disclosed in the Directors' remuneration report on pages 39 to 40. 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.

As permitted by the Articles of Association, in accordance with the provisions 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. 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 17 to the consolidated financial statements.

The share capital comprises one class of ordinary shares and these are listed on AIM. As at 31 December 2018 there were in issue 44,902,338 fully paid ordinary shares. All shares are freely transferable and rank pari passu in all respects, including voting and dividend rights.

Substantial shareholdings

As at 31 December 2018, 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	9,928,384	22.11%
Lombard Odier	6,862,224	15.28%
M&G	6,615,674	14.73%
Mr Michael Edge	3,195,000	7.12%
Queen Mary University of London	2,610,000	5.81%
Mr Dave Page	1,932,368	4.30%
Professor Jonathan Pitts	1,879,750	4.19%
Allianz	1,704,594	3.80%
Ruffer	1,519,488	3.38%

Save as referred to above, the Directors are not aware of any persons as at 31 December 2018 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.

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 11am on 1 March 2019 at the London office of Osborne Clarke. On pages 70 and 71 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.

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 Directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors 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
15 January 2019

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate governance report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Chairman's Corporate Governance Statement

Dear fellow shareholders

Since our listing on AIM in February 2014 the Board has been committed to good corporate governance in the management and operation of the Group's business. While adherence to the UK Corporate Governance Code was not mandatory the Company sought to follow its recommendations wherever practical.

In March 2018, the London Stock Exchange introduced a new requirement for companies listed on AIM to apply a recognised corporate governance code by 28 September 2018. Having obtained advice from both the Company's legal advisers and Nomad, the Board decided to adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) with effect from 28 September 2018.

The QCA Code, which was fully updated in April 2018, sets out ten corporate governance principles and requires the Company to publish certain related disclosures; these will appear in this Annual Report and on our website, in accordance with the recommendations in the QCA Code. This information will be reviewed annually and the date of this review will be noted on our website.

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

Stephen Davidson
Non-executive Chairman
15 January 2019

Board composition

We are led by a strong and effective Board of Directors. The Board is comprised of the following individuals:

Executive:	Non-executive:
Dave Page	**Stephen Davidson**
Chief Executive Officer	*Non-executive Chairman*
Steve Bennetts	**Sir Bryan Carsberg**
Chief Financial Officer	**Dr Mark Reilly**
Robin Young	**Paul Spence**
Chief Operating Officer	*Non-executive Directors*

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 30 and 31.

"The Directors recognise the importance of sound corporate governance and fully support the adoption of the QCA code."

Stephen Davidson
Non-executive Chairman

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 is responsible for the Group's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval. These include matters relating to:

- The Group's strategic aims and objectives.
- The structure and capital of the Group.
- Financial reporting, financial controls and dividend policy.
- Internal control, risk, and the Group's risk appetite.
- The approval of significant contracts and expenditure.
- Effective communication with shareholders.
- Changes to Board membership or structure.

Apart from the matters above, the Board has delegated all authority 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.

Board meetings

The Board met six times in the 2018 fiscal year. In addition, the Non-executive Directors communicate directly with executive Directors and senior management between formal Board meetings. The Board held a dedicated meeting to discuss strategy in May 2018 and intends to schedule similar meetings annually.

Directors are expected to attend all meetings of the Board and Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the year:

	Board	Audit	Remuneration	Risk
Stephen Davidson	6/6	3/3*	3/3	2/3*
Sir Bryan Carsberg	6/6	3/3	3/3	-
Paul Spence	6/6	3/3	-	3/3
Mark Reilly	6/6	3/3	3/3	-
Dave Page	6/6	3/3*	3/3*	3/3
Robin Young	5/6	-	-	3/3
Steve Bennetts	6/6	3/3*	3/3*	3/3

*attended by invitation

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information.

Board Committees

The Board has delegated certain powers and duties to the Audit, Remuneration, Risk and Nomination Committees, details of which are set out in the table below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of these terms of reference are available on the Company website (www.actual-experience.com). The terms of reference of each Committee is reviewed annually by the Board to ensure they remain appropriate and reflect changes to legislation, regulation and best practice.

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

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.

The Audit committee report on page 38 contains more detail on the Committee's role.

Chairman:
Sir Bryan Carsberg

Members:
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.

The Remuneration committee report on page 39 contains more detail on the Committee's role.

Chairman:
Dr Mark Reilly

Members:
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

Members:
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.

The Principal risks and uncertainties on pages 28 and 29 contains more detail on the Committee's role.

Chairman:
Paul Spence

Members:
Steve Bennetts
Dave Page
Robin Young

The Company Secretary compiles the Board and Committee papers, which are electronically circulated to Directors at least two days prior to meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

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 is 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 performance

In September 2018 each Director completed a questionnaire designed to measure the effectiveness of Board performance. The consolidated results of this exercise were subsequently reviewed by the Board. While no major performance impairments were noted, several minor matters were identified for further attention.

It is intended that Board performance will be assessed on an annual basis and any significant matters arising will be noted in the Annual Report.

The QCA corporate governance code

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. Set out below is how we currently comply with the key principles set out in the QCA code.

Statement of Compliance with the QCA Corporate Governance Code

	Governance principles	Compliant	Explanation	Further reading
Deliver growth	1. Establish a strategy and business model which promote long-term value for shareholders.	✓	Our strategy is focussed on our four Channel Partners, until we produce channel revenue at scale.	See pages 16-17
	2. Seek to understand and meet shareholder needs and expectations.	✓	Regular dialogues are held with shareholders. The CEO meets regularly with analysts and investors. The company also uses the Annual General Meeting as an opportunity to communicate with its shareholders.	www.actual-experience.com/about/investors/board-and-governance/governance/
	3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	✓	Actual Experience's business model can be found within the Strategic Report of this document. In it we identify our stakeholders including our Channel Partners, end users, shareholders and employees. The principal ways in which their feedback is gathered is via meetings and conversations, and through our support system for customers.	See pages 12-13
	4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	✓	The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage the risk of failure to achieve business objectives and provide reasonable assurance against material misstatements and loss. The Board, with the advice of the Audit Committee, has reviewed the effectiveness of the systems of internal control for the year to 30 September 2018.	www.actual-experience.com/about/investors/board-and-governance/governance/
Maintain a dynamic management framework	5. Maintain the Board as a well-functioning, balanced team led by the Chair.	✓	The composition and experience of the Board is shown in the Annual Report. The Board has a formal schedule of matters reserved for its approval and is supported by the Audit, Remuneration, Risk and Nomination Committees. All Directors are required to devote sufficient time to carry out their role.	See pages 32-33
	6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	✓	The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of technology and software, business transformation and management, capital markets, change management and governance. To ensure that the Directors maintain appropriate skills they are provided with training when identified as appropriate by the Chairman.	www.actual-experience.com/about/investors/board-and-governance/governance/

	Governance principles	Compliant	Explanation	Further reading
Maintain a dynamic management framework	7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	✓	The Board regularly considers and evaluates its own performance and effectiveness and that of the individual Directors and Board Committee members. The first Board Effectiveness Assessment was completed by all Directors in September 2018.	See page 36
	8. Promote a corporate culture that is based on ethical values and behaviours.	✓	The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to creating a workplace environment that allows people to flourish and this will contribute to enhancing shareholder value.	www.actual-experience.com/about/investors/board-and-governance/governance/
	9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	✓	The Board is collectively responsible for the long-term success of Actual Experience. It has a schedule of matters reserved for its approval which covers the key areas of the management and governance of the Company.	See pages 32-33
Build trust	10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	✓	The Reports, Results and Presentation page can be found on the Company's website. Results from our AGMs are announced via RNS, and historical announcements can be accessed via the RNS and News page of our website.	www.actual-experience.com/about/investors/reports-results-and-presentations/reports-results-and-presentations/

Internal controls

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.

The principal elements of the Group's internal control system are:

i. Close management of the day to day activities of the Group by the Executive Directors.
ii. An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation whilst minimising risks.
iii. A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board.
iv. Detailed monthly reporting of performance against budget.
v. Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this time.

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 70. This Notice of Meeting has been circulated to shareholders and is on the Company's website.

Whistleblowing policy

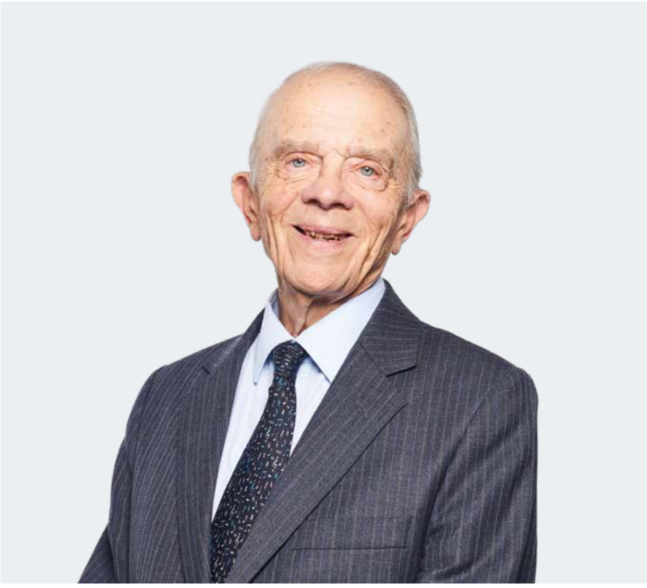
The Board has adopted a whistleblowing policy. The aim of the policy is to encourage all employees regardless of seniority to bring matters which cause them concern to the attention of the Non-executive Directors.

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.

Stephen Davidson
Non-executive Chairman
15 January 2019



Introduction to the Audit Committee report

Dear shareholders

I am pleased to present the report of the Audit Committee, which provides a summary of the Committee's role and activities during the year ending 30 September 2018. In summary, these activities help to ensure that the interests of shareholders are protected and the Group's reporting is fair, balanced and understandable.

The Audit Committee is responsible for monitoring the financial reporting process, including the integrity of the financial statements, reviewing financial disclosures, the application of accounting policies, and accounting judgments. It reviews the Group's internal control and risk management systems, monitors the extent and nature of the non-audit services undertaken by external auditors, advises on the appointment of external auditors and maintains a regular dialogue with external auditors, both with and without executives.

Sir Bryan Carsberg
Audit Committee Chairman
15 January 2019

Members of the Audit Committee

During the year, the Committee consisted of three Non-executive Directors: Mark Reilly, Paul Spence, and Bryan Carsberg, its Chairman. By invitation, meetings of the Committee may be attended by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. The Committee met three times in the year.

The Board is satisfied the Chairman of the Committee has recent and relevant financial experience. He is a Chartered Accountant and served for six years as Secretary General of the International Accounting Standards Committee and in senior roles both in the Public Sector and as a Non-executive Director of leading technology companies.

The Committee's deliberations are reported at the subsequent Board meeting and the minutes of each meeting are made available to all members of the Board.

Duties

The main duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company's website (www.actual-experience.com) and on request from the Company Secretary.

The main items of business considered by the Audit Committee during the year included:

- review of the financial statements and Annual Report,
- consideration of the external audit report and management representation letter,
- going concern review,
- review of the 2018 audit plan and audit engagement letter,
- review of the risk management and internal control systems,
- review of the interim results,
- meetings with the auditor with and without management present.

Role of the Auditor

The Audit Committee monitors the relationship with the auditor, PwC LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of any non-audit services by the external Auditor. The Audit Committee recommends that PwC LLP be re-appointed as the Group's Auditor at the next AGM.

Audit process

The Auditor prepares an audit plan for the full year financial statements. The audit plan sets out the scope of the audit, areas of special focus and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. The Auditor also carries out a review of interim financial reporting. Following the audit of the annual financial statements and the review of the interim report, the Auditor presents its findings to the Audit Committee for discussion. No major areas of concern were highlighted by the Auditor during the year. However, areas of significant risk and matters of audit judgment are regularly discussed.

Internal audit

At present, in keeping with the size and level of complexity of the affairs of the Group, it does not have an internal audit function. The Committee keeps under review the desirability of establishing an internal audit function.

Risk management and internal controls

As described on page 28 of the Corporate Governance Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee is satisfied that it is currently operating effectively.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda, and updates are provided at each meeting. During the year, there were no incidents for consideration.

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	**3**
Dr Mark Reilly (Chairman)	3
Stephen Davidson	3
Sir Bryan Carsberg	3
Dave Page[1]	3
Steve Bennetts[1]	3

[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.

The objective of the Group's remuneration policy is to attract, motivate, and retain high quality individuals who will contribute fully to the success of the Group. The Committee seeks to ensure that a competitive and appropriate base salary is paid to Executive 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.

Pension and other benefits

As with all employees, the Executive Directors may participate in the Group defined contribution pension scheme. In the 2018 fiscal year, the maximum employer pension contribution was 3% of base salary.

The only other significant benefits that Executive Directors are entitled to are private health insurance and life assurance.

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 302.50 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 an initial 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 the next page.

Directors' remuneration (audited)

The remuneration of the Board Directors of Actual Experience plc during the year ended 30 September 2018 was:

	Salary and fees £	Employer pension contributions £	Healthcare £	Bonus £	Total Year ended 30 September 2018 £	Total Year ended 30 September 2017 £
Stephen Davidson[1]	50,000	–	–	–	50,000	50,000
Dave Page	150,000	2,250	402	5,000	157,652	151,158
Steve Bennetts[1]	130,000	2,600	741	5,000	138,341	127,006
Robin Young[1]	150,000	–	436	5,000	155,436	150,169
Sir Bryan Carsberg[1]	25,000	–	–	–	25,000	25,000
Dr Mark Reilly	25,000	–	–	–	25,000	25,000
Paul Spence[1]	25,000	–	–	–	25,000	25,000
Total	555,000	4,850	1,579	15,000	576,429	553,333

[1] In addition, certain Directors hold share option 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 £0 (2017: £1,841), Steve Bennetts £3 (2017: £1,176), Robin Young £5,380 (2017: £12,519), Sir Bryan Carsberg £0 (2017: £1,841), and Paul Spence £8,975 (2017: £21,351).

Directors' shareholdings (audited)

The interests of the Directors holding office at 30 September 2018 in the shares of the Company, including family interests, were:

	Ordinary shares of 0.2p each	
	2018 Number	2018 %
Stephen Davidson	20,000	0.04
Dave Page	1,932,368	4.30
Steve Bennetts	175,500	0.39
Robin Young	2,600	0.01
Sir Bryan Carsberg	–	–
Dr Mark Reilly	65,500	0.15
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 2018 were:

	At 1 October 2017	Granted during year	At 30 September 2018	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 21 to the financial statements under Related Party Transactions.

Dr Mark Reilly
Chairman of the Remuneration Committee
15 January 2019

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2018 and of the group's loss and the group's and the company's 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 regards the company's financial statements, 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.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statements of financial position as at 30 September 2018; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall group materiality: £364,000 (2017: £370,000), based on 5% of loss before tax.
- Overall company materiality: £325,000 (2017: £370,000), based on 5% of loss before tax.

- The audit has scoped in all operations being Actual Experience plc and Actual Experience Inc.
- Overall coverage is therefore 100% of group operations.
- All work is performed by the group auditor.

- Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable (Group and parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable. Group and parent Company. We focus on this area because of the magnitude of the cumulative capitalised development expenditure of £1.6m and the risk that amounts may not be recoverable if future revenue growth is not realised. Furthermore, we note that judgment is applied by management whether the costs that are capitalised in the year meet the criteria in IAS 38. This risk is set out in the critical accounting estimates and areas of judgement included in note 2.	We have considered whether the amounts capitalised in the year meet the criteria for capitalisation set out in IAS 38. This included meeting with appropriate members of management involved with the projects to understand the nature of them and testing on a sample basis the specific costs capitalised. For cumulative amounts capitalised we considered and challenged management on the economic benefits expected to flow from the technology introduced from the projects. Management demonstrated the operation of new technology developments that had been completed and demonstrated a market for them, given the customer agreements that had been put in place and which were expected to deliver growth in revenues in the future. As a result of our work we determined that the judgement of management that the amounts capitalised were not impaired to be reasonable.

How we tailored the audit scope

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

Actual Experience plc is structured with one reporting component, Actual Experience Inc., reporting into the parent operations in the UK as Actual Experience plc.

Actual Experience Inc. does not require a local statutory audit and therefore is scoped in as a significant component as it represents a significant portion of loss before tax adjusted for intercompany revenue transactions. It does not generate external revenue.

Due to the availability of centralised financial information and the centralised accounting function, the component audit of Actual Experience Inc. is performed by the group engagement team.

Materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	£364,000 (2017: £370,000).	£325,000 (2017: £370,000).
How we determined it	5% of loss before tax.	5% of loss before tax.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, loss before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that loss before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £123,000 and £364,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £18,200 (Group audit) (2017: £20,650) and £18,200 (Company audit) (2017: £20,650) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
15 January 2019

Consolidated statement of comprehensive income

for the year ended 30 September 2018

	Note	2018 £	2017 £
REVENUE	4	**1,076,463**	364,832
Cost of sales		**(1,165,108)**	(1,300,684)
GROSS LOSS		**(88,645)**	(935,852)
Administrative expenses	5	**(7,293,472)**	(6,976,814)
OPERATING LOSS		**(7,382,117)**	(7,912,666)
Finance income	7	**89,061**	40,849
LOSS BEFORE TAX		**(7,293,056)**	(7,871,817)
Tax	8	**81,260**	474,668
LOSS FOR THE YEAR		**(7,211,796)**	(7,397,149)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		**(29,951)**	70,693
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(7,241,747)**	(7,326,456)
LOSS PER ORDINARY SHARE			
Basic and diluted	9	**(16.08)p**	(17.72)p

Consolidated statement of changes in equity

for the year ended 30 September 2018

	Note	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2016		74,896	14,835,170	(4,668,166)	10,241,900
Loss for the year		–	–	(7,397,149)	(7,397,149)
Other comprehensive income for the year		–	–	70,693	70,693
Total comprehensive loss for the year		–	–	(7,326,456)	(7,326,456)
Issue of shares		14,626	17,588,902	–	17,603,528
Cost of share issue		–	(615,942)	–	(615,942)
Share-based payment expense		–	–	154,987	154,987
At 30 September 2017		89,522	31,808,130	(11,839,635)	20,058,017
Loss for the year		**–**	**–**	**(7,211,796)**	**(7,211,796)**
Other comprehensive expense for the year		**–**	**–**	**(29,951)**	**(29,951)**
Total comprehensive loss for the year		**–**	**–**	**(7,241,747)**	**(7,241,747)**
Issue of shares	17	**283**	**119,883**	**–**	**120,166**
Share-based payment expense	20	**–**	**–**	**177,413**	**177,413**
At 30 September 2018		**89,805**	**31,928,013**	**(18,903,969)**	**13,113,849**

Consolidated statement of financial position

as at 30 September 2018

	Note	2018 £	2017 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	**250,250**	350,704
Intangible assets	11	**1,579,227**	1,266,261
TOTAL NON-CURRENT ASSETS		**1,829,477**	1,616,965
Current assets			
Trade and other receivables	12	**684,578**	487,189
Income tax receivable	8	**735,634**	568,102
Investments	13	**–**	5,000,000
Cash and cash equivalents	14	**10,776,516**	13,209,850
TOTAL CURRENT ASSETS		**12,196,728**	19,265,141
TOTAL ASSETS		**14,026,205**	20,882,106
LIABILITIES			
Non-current liabilities			
Deferred tax	8	**(26,863)**	(37,744)
TOTAL NON-CURRENT LIABILITIES		**(26,863)**	(37,744)
Current liabilities			
Trade and other payables	15	**(885,493)**	(786,345)
TOTAL CURRENT LIABILITIES		**(885,493)**	(786,345)
TOTAL LIABILITIES		**(912,356)**	(824,089)
NET ASSETS		**13,113,849**	20,058,017
EQUITY			
Share capital	17	**89,805**	89,522
Share premium	17	**31,928,013**	31,808,130
Accumulated losses	18	**(18,903,969)**	(11,839,635)
TOTAL EQUITY		**13,113,849**	20,058,017

Approved by the Board of Directors and authorised for issue on 15 January 2019.

Stephen Davidson
Non-executive Chairman

Steve Bennetts
Chief Financial Officer

Company number: 06838738

Consolidated statement of cash flows

for the year ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss before tax		(7,293,056)	(7,871,817)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	10	138,422	107,233
Amortisation of intangible assets	11	844,898	162,059
Loss on disposal of property, plant and equipment		522	1,014
Share-based payment charge	20	177,413	154,987
Finance income		(89,061)	(40,849)
Operating cash outflow before changes in working capital		(6,220,862)	(7,487,373)
Movement in trade and other receivables		(173,317)	(83,913)
Movement in trade and other payables		58,110	221,661
Cash flows used in operations		(6,336,069)	(7,349,625)
Tax (paid)/received		(97,153)	263,609
Net cash flows used in operating activities		(6,433,222)	(7,086,016)
Cash flows from investing activities			
Development of intangible assets	11	(1,157,864)	(912,279)
Purchases of property, plant and equipment	10	(38,474)	(177,584)
Transfers from/(to) term deposits with more than three months' maturity	13	5,000,000	(5,000,000)
Finance income		89,061	40,849
Net cash inflow/(outflow) from investing activities		3,892,723	(6,049,014)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	17	120,166	16,987,586
Loan to Employee Benefit Trust		(18,000)	(55,950)
Net cash inflow from financing activities		102,166	16,931,636
(Decrease)/increase in cash and cash equivalents		(2,438,333)	3,796,606
Effect of exchange rate fluctuations on cash held		4,999	(2,642)
Cash and cash equivalents at start of year		13,209,850	9,415,886
Cash and cash equivalents at end of year	14	10,776,516	13,209,850

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 2018. These include comparatives for the year ended 30 September 2017.

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

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.

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 2018, the Group had a cash and cash equivalents position of £10,776,516 with no bank debt. The Directors have prepared detailed monthly projections of future cash flows for the remainder of the financial year to September 2019 and the subsequent financial year, 2020. 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 2020. 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	Five years straight-line
Fixtures, fittings and equipment	Five years straight-line
Computer equipment	Three 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.

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.

Subsequent to initial recognition, assets are measured at either amortised cost, fair value through other comprehensive income or fair value through statement of comprehensive income.

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. Cash and cash equivalents are held in either UK sterling or US dollars and are placed on deposit in UK and US banks.

2.5.3 Equity instruments

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

2.5.4 Trade and other payables

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

2.5.5 Investments

Investments comprise amounts held in a bank deposit account which has a maturity date between three months and twelve months after the balance sheet date.

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.

2.9 Investment in subsidiaries

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

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 £878,378 (2017: £58,113). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £285,353 (2017: £31,847).

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

There have been no material impacts following new and revised standards which are relevant to the Group.

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on and after 1 October 2018 or later but the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- Amendments to IFRS 2 Share-based payment to clarify the classification and measurement of share-based payment transactions.
- IFRS 9 Financial instruments.
- IFRS 15 Revenue from contracts with customers.
- IFRS 16 Leases.

IFRS 15 replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and is effective for annual periods beginning on or after 1 January 2018.

2 Significant accounting policies *continued*

Changes in accounting policies *continued*

The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled.

The recognition of such revenue is in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

As part of the implementation, the Group has conducted a thorough analysis of all material revenue streams and customer contracts. In all cases the Group's current accounting policy was assessed as consistent with the requirements of IFRS 15 and therefore no restatements to revenue figures are expected upon implementation.

IFRS 9 'Financial Instruments' is the IASB's replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Group does not currently expect the adoption of the standard to have a significant impact on its consolidated results or financial position, but will result in increased disclosure.

The Group is continuing to assess the impact of adopting IFRS 16, which will be effective for the year ending 30 September 2020.

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 achieve an appropriate balance of risk and expected profits, while avoiding excessive risk. 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

It should be noted that the same policy is applied to the Company as is applied to the Group.

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 2017 and 30 September 2018.

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.

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 three large banks in the UK, one institution with an A+ credit rating, one with a BBB+ 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 14. 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 three 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 2018, the Group's trade receivables balance was £418,904 (30 September 2017: £9,968). 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 2018, the Group had £10,776,516 (30 September 2017: £13,209,850) of cash and cash equivalents and current asset investments in the form of bank deposit accounts with maturity terms of over 3 months amounting to £nil (30 September 2017: £5,000,000).

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.

The Group's capital is made up of share capital, share premium and accumulated losses totalling at 30 September 2018: £13,113,849 (30 September 2017: £20,058,017).

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 2018 the Group had one customer who generated more than 10% of total revenue. This customer generated 81% of revenue.

During the year ended 30 September 2017 the Group had two customers who generated more than 10% of total revenue. These customers generated 28% and 26% of revenue.

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

	2018 £	2017 £
United Kingdom	**179,071**	240,597
United States of America	**897,392**	113,435
Europe	**–**	10,800
	1,076,463	364,832

for the year ended 30 September 2018

5 Loss from operations

	Note	2018 £	2017 £
Loss from operations is stated after charging/(crediting) to administrative expenses:			
Depreciation on property, plant and equipment	10	**138,422**	107,233
Amortisation of intangible assets	11	**844,898**	162,059
Loss on disposal of property, plant and equipment		**522**	1,014
Operating lease rentals – land and buildings		**239,380**	257,877
Employee costs	6	**5,477,969**	4,761,152
Foreign exchange gains/(losses)		**(44,052)**	117,662
Auditors' remuneration:			
– Audit of these financial statements		**33,000**	33,000
Total auditors' remuneration		**33,000**	33,000

6 Employee costs

	2018 Number	2017 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Directors	**7**	7
Sales and support	**44**	36
Software development	**33**	27
Administration	**9**	6
	93	76

	2018 £	2017 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**5,660,258**	4,905,356
Social security costs	**599,447**	515,798
Other pension costs	**198,715**	97,290
Share-based expense (note 20)	**177,413**	154,987
	6,635,833	5,673,431
Directors' remuneration comprised:		
Emoluments for qualifying services	**576,429**	553,333

Directors' emoluments disclosed above include £150,000 paid to each of the two highest paid Directors (2017: £150,000 and £150,000 respectively); one of these Directors has share options due under an incentive plan, but these Directors did not exercise any share options in the year.

The Remuneration report on pages 39 and 40 detail Directors' interests in share options.

Included within total employee costs of £6,635,833 (2017: £5,673,431) is £1,157,864 (2017: £912,279) which has been capitalised within development costs in accordance with IAS 38 (see note 11). The remaining £5,477,969 (2017: £4,761,152) has been expensed in the Consolidated statement of comprehensive income.

7 Finance income

	2018 £	2017 £
Bank interest receivable	**89,061**	40,849

8 Tax

Tax on loss on ordinary activities

	2018 £	2017 £
Current tax:		
UK Corporation tax on losses of the year	(167,532)	(568,102)
Overseas taxes	97,153	76,650
Deferred tax:		
Origination and reversal of timing differences	(10,881)	16,784
Total tax credit	(81,260)	(474,668)

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:

	2018 £	2017 £
Loss on ordinary activities before tax	(7,293,056)	(7,871,817)
Tax at the UK corporate tax of 19.50% (2017: 20.00%)	(1,422,146)	(1,574,363)
Effects of:		
Expenses not deductible for tax purposes	216,657	75,001
Unrecognised deferred tax asset on losses	1,409,086	1,803,286
Tax relief in respect of exercise of share options	(52,048)	(150,275)
Research and development enhancement in respect of the current year	(338,643)	(625,354)
Prior year adjustment	104,227	–
Change in rate of tax used to calculate deferred tax liability	1,607	(2,963)
Tax credit for the year	(81,260)	(474,668)

The Group has tax losses carried forward of approximately £25,006,000 (2017: £17,754,000).

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 £735,634 (2017: £568,102). Of the £735,634 receivable, £463,815 relates to the period ended 30 September 2017 and £271,819 relates to the period ended 30 September 2018.

Deferred tax

Deferred tax relates to the following:

	2018 £	2017 £
Accelerated depreciation for tax purposes	26,863	37,744
Deferred tax liability	26,863	37,744

Reconciliation of deferred tax liabilities

	2018 £	2017 £
Balance at the beginning of the year	37,744	20,960
(Credit)/charge to the Consolidated statement of comprehensive income	(10,881)	16,784
Balance at the end of the year	26,863	37,744

At 30 September 2018, the Group had unrecognised deferred tax assets totalling £4,251,000 (2017: £3,018,180), 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.

9 Loss per ordinary 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.

	2018 £	2017 £
Total loss attributable to the equity holders of the parent	**(7,211,796)**	(7,397,149)

	No.	No.
Weighted average number of ordinary shares in issue during the year	**44,845,951**	41,733,648
Loss per share		
Basic and diluted on loss for the year	**(16.08)p**	(17.72)p

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

	2018	2017
Issued ordinary shares at the beginning of the year	**44,761,213**	37,447,838
Effect of shares issued in November 2016	**–**	58,284
Effect of shares issued in January 2017	**–**	6,658
Effect of shares issued in February 2017	**–**	4,182,192
Effect of shares issued in March 2017	**–**	21,847
Effect of shares issued in July 2017	**–**	15,462
Effect of shares issued in September 2017	**–**	1,367
Effect of shares issued in October 2017	**50,329**	–
Effect of shares issued in February 2018	**22,279**	–
Effect of shares issued in June 2018	**12,130**	–
Weighted average number of shares at the end of the year	**44,845,951**	41,733,648

10 Property, plant and equipment

	Leasehold improvements £	Fixtures fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2016	168,488	57,416	140,900	366,804
Additions	5,421	20,560	151,502	177,483
Disposals	–	–	(1,721)	(1,721)
Foreign currency translation differences	–	–	(144)	(144)
At 30 September 2017	173,909	77,976	290,537	542,422
Additions	–	3,294	35,180	38,474
Disposals	–	–	(1,156)	(1,156)
Foreign currency translation differences	–	–	161	161
At 30 September 2018	**173,909**	**81,270**	**324,722**	**579,901**
Accumulated depreciation				
At 1 October 2016	13,701	7,551	64,076	85,328
Charge for the year	34,172	13,439	59,622	107,233
Reclassifications	–	(468)	468	–
Disposals	–	–	(707)	(707)
Foreign currency translation differences	–	–	(136)	(136)
At 30 September 2017	47,873	20,522	123,323	191,718
Charge for the year	34,782	15,872	87,768	138,422
Disposals	–	–	(634)	(634)
Foreign currency translation differences	–	–	145	145
At 30 September 2018	**82,655**	**36,394**	**210,602**	**329,651**
Net book value				
At 30 September 2018	**91,254**	**44,876**	**114,120**	**250,250**
At 30 September 2017	126,036	57,454	167,214	350,704
At 30 September 2016	154,787	49,865	76,824	281,476

11 Intangible assets

	Development costs £	Total £
Cost		
At 1 October 2016	1,042,254	1,042,254
Additions	912,279	912,279
At 30 September 2017	1,954,533	1,954,533
Additions	1,157,864	1,157,864
At 30 September 2018	**3,112,397**	**3,112,397**
Accumulated amortisation and impairment losses		
At 1 October 2016	526,213	526,213
Charge for the year	162,059	162,059
At 30 September 2017	688,272	688,272
Charge for the year	844,898	844,898
At 30 September 2018	**1,533,170**	**1,533,170**
Net book value		
At 30 September 2018	**1,579,227**	**1,579,227**
At 30 September 2017	1,266,261	1,266,261
At 30 September 2016	516,041	516,041

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

	2018 £	2017 £
Trade receivables	**418,904**	9,968
Other receivables	**66,669**	226,207
Loan to Employee Benefit Trust	**73,950**	55,950
Prepayments and accrued income	**125,055**	195,064
	684,578	487,189

Contractual payment terms with the Group's customers are typically 30 to 90 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 2018 or 2017. The credit quality of those trade receivables not past due and not impaired is considered good, and all amounts were received as at the date of this document. 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 Investments

	2018 £	2017 £
Term deposit accounts	**–**	5,000,000
	–	5,000,000

At 31 September 2018, the Group had no fixed term bank deposit with a maturity date greater than 3 months (2017: £5,000,000). All term deposits are held with financial institutions with a credit rating of A+.

14 Cash and cash equivalents

Bank credit rating:	2018 £	2017 £
A+	**2,564,438**	2,549,604
BBB+	**4,123,384**	8,607,282
BBB-	**4,088,694**	2,052,964
Cash and cash equivalents	**10,776,516**	13,209,850

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

All of the Group's cash and cash equivalents at 30 September 2018 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2018 £	2017 £
Denominated in UK sterling	**10,359,870**	12,961,619
Denominated in US dollars	**416,646**	248,231
Cash and cash equivalents	**10,776,516**	13,209,850

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

15 Trade and other payables

	2018 £	2017 £
Trade payables	**104,571**	101,669
Other tax and social security	**147,521**	136,245
Other creditors	**73,365**	47,712
Accruals	**489,207**	416,751
Deferred income	**70,829**	83,968
	885,493	786,345

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.

16 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
- Loan to Employee Benefit Trust
- Investments – Term deposits

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:

	2018 £	2017 £
Due within three months		
Cash and cash equivalents	**10,776,516**	13,209,850
Trade receivables	**418,904**	9,968
Other receivables	**49,490**	51,371
Term deposits	**–**	5,000,000
	11,244,910	18,271,189

Financial liabilities

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

	2018 £	2017 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	**104,571**	101,669
Other payables	**633,401**	548,431
Total financial liabilities	**737,972**	650,100

17 Share capital

	Number	Share capital £	Share premium £	Total £
Total ordinary shares of 0.2p each at 1 October 2017	44,761,213	89,522	31,808,130	31,897,652
Issue of shares in respect of the exercise of share options	141,125	283	119,883	120,166
Total ordinary shares of 0.2p each as at 30 September 2018	**44,902,338**	**89,805**	**31,928,013**	**32,017,818**

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) 38,000 ordinary shares of 0.2p each were allotted at a price of 9.091 pence per share, for total cash consideration of £3,455 upon the exercise of share options granted in the Company's share option schemes;
(ii) 48,125 ordinary shares of 0.2p each were allotted at a price of 14.255 pence per share, for total cash consideration of £6,860 upon the exercise of share options granted in the Company's share option schemes; and
(iii) 55,000 ordinary shares of 0.2p each were allotted at a price of 200.0 pence per share, for total cash consideration of £109,850, upon the exercise of share options granted in the Company's share option schemes.

At 30 September 2018, the Company had only one class of share, being ordinary shares of 0.2p each.

18 Movement in accumulated losses

	Accumulated losses £
At 30 September 2016	(4,668,166)
Loss for the year	(7,397,149)
Other comprehensive income	70,693
Shared-based payment charge	154,987
At 30 September 2017	(11,839,635)
Loss for the year	**(7,211,796)**
Other comprehensive expenses	**(29,951)**
Share-based payment charge	**177,413**
At 30 September 2018	**(18,903,969)**

19 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:

	2018 £	2017 £
Land and buildings:		
Amounts due within one year	**208,861**	211,318
Amounts due between two and five years	**223,655**	423,667
Total	**432,516**	634,985

The Company leases its head office premises in the UK. The 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.

20 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	CSOP options	Total	
At 30 September 2016	1,958,675	525,000	–	2,483,675	124.30
Granted in the year	415,000	–	–	415,000	288.31
Exercised in the year	(313,375)	–	–	(313,375)	(33.03)
Forfeited in the year	(209,375)	–	–	(209,375)	(262.09)
At 30 September 2017	1,850,925	525,000	–	2,375,925	152.82
Granted in the year	**147,500**	**–**	**157,500**	**305,000**	**305,000**
Exercised in the year	**(86,125)**	**(55,000)**	**–**	**(141,125)**	**(85.15)**
Forfeited in the year	**(74,000)**	**(110,000)**	**(20,000)**	**(204,000)**	**(204,000)**
At 30 September 2018	**1,838,300**	**360,000**	**137,500**	**2,335,800**	**2,335,800**

There were 1,630,216 share options outstanding at 30 September 2018 (30 September 2017: 1,400,800), 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 2018.

Options have a range of exercise prices from 9.09 pence per share to 302.5 pence per share and have a weighted contractual life of 6.08 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	247,500	Time served	9.091	25/01/2011	19/03/2020
22/06/2011	2	61,700	Time served	9.091	15/10/2011	22/06/2021
17/10/2011	2	60,600	Time served	9.091	17/10/2011	17/10/2021
04/03/2013	2	160,750	Time served	14.255	11/06/2013	04/03/2023
01/10/2013	1	227,250	Time served	14.255	01/10/2014	01/10/2023
18/11/2013	1	47,000	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
15/09/2014	2	80,000	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	5	75,000	Time served	212.500	29/05/2016	29/06/2025
24/07/2015	2	80,000	Time served	212.500	08/06/2016	24/07/2025
14/10/2015	6	100,000	Time served	262.500	17/08/2016	14/10/2025
07/03/2016	4	100,000	Time served	277.500	16/11/2016	07/03/2026
26/05/2016	6	95,000	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
19/01/2017	13	130,000	Time served	277.500	20/06/2017	19/01/2027
24/05/2017	13	152,500	Time served	302.500	01/01/2018	24/05/2027
01/08/2017	1	25,000	Time served	290.000	26/06/2018	01/08/2027
01/09/2017	1	10,000	Time served	295.000	26/06/2018	01/09/2027
31/10/2017	15	85,000	Time served	270.000	31/10/2017	31/10/2027
18/01/2018	19	116,000	Time served	299.000	03/04/2018	18/01/2028
04/06/2018	4	25,000	Time served	275.000	04/09/2018	04/06/2028
18/06/2018	1	10,000	Time served	280.000	18/06/2019	18/06/2028
Outstanding		**2,335,800**				

20 Share-based payments *continued*

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

	Granted on 31 October 2017	Granted on 18 January 2018	Granted on 4 June 2018	Granted on 18 June 2018
Dividend yield	0%	0%	0%	0%
Expected volatility	17.3%	16.8%	16.9%	16.9%
Risk-free interest rate (%)	1.50%	1.50%	1.5%	1.5%
Life of options (years)	10	10	10	10
Weighted average exercise price (pence)	270.0p	299.0p	275.0p	280.0p
Weighted average share price (pence)	270.0p	299.0p	275.0p	280.0p

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 £177,413 (2017: £154,987) in the Consolidated statement of comprehensive income in respect of equity settled share-based payment transactions in the year.

21 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:

	2018 £	2017 £
Executive Directors – aggregate		
Short-term employment benefits*	451,429	428,333
Non-executive Directors – aggregate		
Short-term employment benefits*	125,000	125,000
Total	576,429	553,333

* In addition, certain Directors hold share options in the Company for which a fair value share-based charge of £14,358 has been recognised in the Consolidated statement of comprehensive income (2017: £38,728).

Amounts outstanding to key personnel

As at 30 September 2018, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2017: £nil).

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 2018 £	Amounts invoiced by related party 2018 £	Amounts invoiced to related party 2017 £	Amounts invoiced by related party 2017 £
IP Group plc (note 1)				
Purchases – Non-executive Director fees	–	25,000	–	25,000
	–	25,000	–	25,000

Note 1: IP Group plc is a shareholder of the Company.

There were no amounts outstanding due from or to the related parties at 30 September 2018.

During the year ended 30 September 2018, 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.

Company statement of changes in equity

for the year ended 30 September 2018

	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2016	74,896	14,835,170	(4,742,282)	10,167,784
Loss and total comprehensive expense for the year	–	–	(7,392,836)	(7,392,836)
Issue of shares	14,626	17,588,902	–	17,603,528
Cost of share issue	–	(615,942)	–	(615,942)
Share-based payment expense	–	–	107,997	107,997
Share-based payment expense in respect of services provided to subsidiary undertaking	–	–	46,990	46,990
At 30 September 2017	89,522	31,808,130	(11,980,131)	19,917,521
At 1 October 2017	89,522	31,808,130	(11,980,131)	19,917,521
Loss and total comprehensive expense for the year	**–**	**–**	**(7,306,010)**	**(7,306,010)**
Issue of shares	**283**	**119,883**	**–**	**120,166**
Share-based payment expense	**–**	**–**	**202,268**	**202,268**
Share-based payment credit in respect of services provided to subsidiary undertaking	**–**	**–**	**(24,855)**	**(24,855)**
At 30 September 2018	**89,805**	**31,928,013**	**(19,108,728)**	**12,909,090**

Company statement of financial position

as at 30 September 2018

	Note	2018 £	2017 £
ASSETS			
Non-current assets			
Property, plant and equipment	C3	**249,270**	348,060
Intangible assets	11	**1,579,227**	1,266,261
Investments	C4	**114,201**	139,056
TOTAL NON-CURRENT ASSETS		**1,942,698**	1,753,377
Current assets			
Trade and other receivables	C5	**677,435**	481,675
Income tax receivable	C11	**735,634**	568,102
Investments	C6	**–**	5,000,000
Cash and cash equivalents	C7	**10,702,764**	13,035,558
TOTAL CURRENT ASSETS		**12,115,833**	19,085,335
TOTAL ASSETS		**14,058,531**	20,838,712
LIABILITIES			
Non-current liabilities			
Deferred tax	C11	**(26,863)**	(37,744)
TOTAL NON-CURRENT LIABILITIES		**(26,863)**	(37,744)
Current liabilities			
Trade and other payables	C8	**(1,122,578)**	(883,447)
TOTAL CURRENT LIABILITIES		**(1,122,578)**	(883,447)
TOTAL LIABILITIES		**(1,149,441)**	(921,191)
NET ASSETS		**12,909,090**	19,917,521
EQUITY			
Share capital	17	**89,805**	89,522
Share premium	17	**31,928,013**	31,808,130
At 1 October		**(11,980,131)**	(4,742,282)
Loss for the year		**(7,306,010)**	(7,392,836)
Other changes in accumulated losses		**177,413**	154,987
Accumulated losses	C9	**(19,108,728)**	(11,980,131)
TOTAL EQUITY		**12,909,090**	19,917,521

Approved by the Board of Directors and authorised for issue on 15 January 2019.

Company statement of cash flows

for the year ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss before tax		**(7,484,423)**	(7,944,154)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	C3	**136,660**	105,243
Amortisation of intangible assets	11	**844,898**	162,059
Loss on sale of property, plant and equipment		**417**	1,014
Share-based payment charge		**202,268**	107,997
Finance income		**(89,019)**	(40,831)
Operating cash outflow before changes in working capital		**(6,389,199)**	(7,608,672)
Movement in trade and other receivables		**(195,760)**	(86,154)
Movement in trade and other payables		**257,131**	173,105
Cash flows used in operations		**(6,327,828)**	(7,521,721)
Tax received		**–**	340,261
Net cash flows used in operating activities		**(6,327,828)**	(7,181,460)
Cash flows from investing activities			
Development of intangible assets	11	**(1,157,864)**	(912,279)
Purchases of property, plant and equipment	C3	**(38,287)**	(176,237)
Transfers from/(to) term deposits with more than three months maturity	C6	**5,000,000**	(5,000,000)
Finance income		**89,019**	40,831
Net cash inflow/(outflow) from investing activities		**3,892,868**	(6,047,685)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	17	**120,166**	16,987,586
Loan to Employee Benefit Trust		**(18,000)**	(55,950)
Net cash inflow from financing activities		**102,166**	16,931,636
(Decrease)/increase in cash and cash equivalents		**(2,332,794)**	3,702,491
Cash and cash equivalents at start of year		**13,035,558**	9,333,067
Cash and cash equivalents at end of year	C7	**10,702,764**	13,035,558

for the year ended 30 September 2018

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 comprehensive income. The parent company's result for the year ended 30 September 2018 was a loss of £7,306,010 (2017: loss of £7,392,836).

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 2016	168,488	57,416	136,373	362,277
Additions	5,421	20,560	150,256	176,237
Disposals	–	–	(1,721)	(1,721)
At 30 September 2017	173,909	77,976	284,908	536,793
Additions	–	3,294	34,993	38,287
Disposals	–	–	(663)	(663)
At 30 September 2018	**173,909**	**81,270**	**319,238**	**574,417**
Accumulated depreciation				
At 1 October 2016	13,701	7,551	62,944	84,196
Charge for the year	34,172	13,439	57,632	105,243
Reclassifications	–	(468)	468	–
Disposals	–	–	(706)	(706)
At 30 September 2017	47,873	20,522	120,338	188,733
Charge for the year	34,782	15,872	86,006	136,660
Disposals	–	–	(246)	(246)
At 30 September 2018	**82,655**	**36,394**	**206,098**	**325,147**
Net book value				
At 30 September 2018	**91,254**	**44,876**	**113,140**	**249,270**
At 30 September 2017	126,036	57,454	164,570	348,060
At 30 September 2016	154,787	49,865	73,429	278,081

C4. Investments

At 30 September 2018, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued capital and voting rights 2018
Actual Experience Inc 251 Little Falls Drive, Wilmington, Delaware, Newcastle, USA, 19808	Sales and marketing services	**100%**

Cost	£
At 1 October 2016	92,067
Additions	46,989
At 30 September 2017	139,056
Disposals	(24,855)
At 30 September 2018	**114,201**

Impairment	
At 1 October 2016, 30 September 2017 and 30 September 2018	**–**

Carrying value at 30 September 2018	**114,201**
Carrying value at 30 September 2017	139,056
Carrying value at 30 September 2016	92,067

C5. Trade and other receivables

	2018 £	2017 £
Trade receivables	**418,904**	9,968
Other receivables	**66,669**	226,207
Loan to Employee Benefit Trust	**73,950**	55,950
Prepayments and accrued income	**117,912**	189,550
	677,435	481,675

Contractual payment terms with the Company's customers are typically 30 to 90 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. Investments

	2018 £	2017 £
Term deposit accounts	**–**	5,000,000
	–	5,000,000

At 31 September 2018, the Group had no fixed term bank deposit with a maturity date greater than 3 months (2017: £5,000,000).

C7. Cash and cash equivalents

Bank credit rating:	2018 £	2017 £
A+	**2,564,438**	2,549,604
BBB+	**4,049,632**	8,432,990
BBB-	**4,088,694**	2,052,964
Cash and cash equivalents	**10,702,764**	13,035,558

The above 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 2018 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2018 £	2017 £
Denominated in UK sterling	**10,359,870**	12,961,618
Denominated in US dollars	**342,894**	73,940
Cash and cash equivalents	**10,702,764**	13,035,558

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.

C8. Trade and other payables

	2018 £	2017 £
Trade payables	**93,947**	90,339
Other tax and social security	**147,521**	136,245
Other creditors	**65,170**	25,188
Amounts due to subsidiary undertakings	**361,552**	206,176
Accruals and deferred income	**454,388**	425,499
	1,122,578	883,447

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.

C9. Movement in accumulated losses

	Accumulated losses £
At 30 September 2016	(4,742,282)
Loss for the year	(7,392,836)
Share-based payment charge	107,997
Share-based payment charge in respect of services provided to subsidiary undertaking	46,990
At 30 September 2017	(11,980,131)
Loss for the year	**(7,306,010)**
Share-based payment charge	**202,268**
Share-based payment credit in respect of services provided to subsidiary undertaking	**(24,855)**
At 30 September 2018	**(19,108,728)**

C10. Employee costs

	2018 Number	2017 Number
The average monthly number of persons (including Directors) employed by the Company during the year was		
Directors	6	6
Sales and support	41	31
Software development	33	27
Administration	9	6
	89	70

	2018 £	2017 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	4,952,425	4,106,830
Social security costs	576,907	478,628
Other pension costs	184,913	77,063
Share-based expense (note 20)	202,268	107,997
	5,916,513	4,770,518
Directors' remuneration comprised:		
Emoluments for qualifying services	551,429	528,333

Directors' emoluments disclosed above include £157,652 paid to each of the two highest paid directors (2017: £151,158 respectively); one of these Directors has share options due under an incentive plan, but these Directors did not exercise any share options in the year.

The Directors' remuneration report on pages 39 and 40 details the Directors' interests in share options.

Included within total employee cost of £5,916,513 (2017: £4,770,518) is £1,157,864 (2017: £912,279) which has been capitalised within development costs in accordance with IAS 38 (see note 11). The remaining £4,758,649 (2017: £3,858,239) has been expensed in the Consolidated statement of comprehensive income.

C11. Taxation

Deferred tax

Deferred tax relates to the following:

	2018 £	2017 £
Accelerated depreciation for tax purposes	26,863	37,744
Deferred tax liability	26,863	37,744

Reconciliation of deferred tax liabilities

	2018 £	2017 £
Balance at the beginning of the year	37,744	20,960
(Credit)/charge to the Consolidated statement of comprehensive income	(10,881)	16,784
Balance at the end of the year	26,863	37,744

At 30 September 2018, the Company had unrecognised deferred tax assets totalling £4,251,000 (2017: £3,018,180), 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 £735,634 (2017: £568,102). Of the £735,634 receivable, £463,815 relates to the period ended 30 September 2017 and £271,819 relates to the period ended 30 September 2018.

C12. Related party transactions

Details of external related party transactions are set out in note 21. The Company has entered into transactions with its wholly-owned subsidiary undertaking, Actual Experience Inc. during the year. The Company incurred costs of £1,198,408 charged by Actual Experience Inc. during the year (2017: £1,505,437). At 30 September 2018, an amount of £361,552 was due to the subsidiary company (30 September 2017: £206,176 due to the subsidiary company).

This year you will not receive a form of proxy for the AGM in the post. Instead, you will find instructions in the notes to this notice to enable you to vote electronically and how to register to do so. Submission of a proxy vote will not preclude you from attending and voting at the Annual General Meeting in person and you may request a paper form of proxy from our Registrars, Link Asset Services.

Notice is given that the Annual General Meeting of Actual Experience plc (the Company) will be held at the offices of Osborne Clarke, 1 London Wall, London EC2Y 5EB at 11.00am on 1 March 2019.

The purpose of the meeting is to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's Annual Financial Statements, Strategic Report and Directors' and auditors' reports for the year ended 30 September 2018.
2. To reappoint Stephen Davidson, who, in accordance with the Articles of Association, resigns by rotation and is eligible for reappointment.
3. To reappoint Steve Bennetts, who, in accordance with the Articles of Association, resigns by rotation and is eligible for reappointment.
4. To reappoint Paul Spence, who, in accordance with the Articles of Association, resigns by rotation and is eligible for reappointment.
5. To reappoint PricewaterhouseCoopers LLP as auditors of the Company.
6. To authorise the Directors to determine the remuneration of the Auditors.
7. 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 £29,934 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:

8. That, subject to the passing of resolution 7 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 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

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

   8.1.1 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

   8.1.2 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

   8.2 the allotment of equity securities otherwise than pursuant to paragraph 8.1 of this resolution) up to an aggregate nominal amount of £8,980, 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
15 January 2019

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

Registered in England and Wales No. 06838738

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 27 February 2019 (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.

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

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

   If a member wishes to appoint more than one proxy they may do so at www.signalshares.com.

3. This year, you will not receive a form of proxy for AGM in the post. Instead, you can vote online at www.signalshares.com. To register, you will need your Investor Code, which can be found on your share certificate or by contacting our registrar Link Asset Services on the contact details provided below. Once logged on, click the "Vote Online Now" button to vote. Proxy votes should be submitted as early as possible and, in any event, no later than 11.00am on 27 February 2019. Submission of a proxy vote will not preclude you from attending and voting at the Annual General Meeting and voting in person.

   To be effective, the proxy vote must be submitted at www. signalshares.com so as to have been received by the Company's registrars no later than 11.00am on 27 February 2019 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). Any power of attorney or other authority under which the proxy is submitted must be returned to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF.

   You may request a hard copy proxy form directly from the Registrars, Link Asset Services, on 0871 664 0300. (Calls cost 12p per minute plus your phone company's access charge). If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 9.00am – 5.30pm Monday to Friday, excluding public holidays in England and Wales. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF to be received no later than 11.00am on 27 February 2019.

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 LinkAsset Services (ID RA10) no later than 11.00am on 27 February 2019 (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 Link 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.

Electronic voting

7. You may vote your shares electronically at www.signalshares.com. On the home page search 'Actual Experience PLC' and then log in or register using your Investor Code. To vote, click on the 'Vote Online Now' button.

Biographical details of Directors

8. Biographical details of all those Directors who are offering themselves for reappointment at the meeting are set out on pages 30 and 31 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.

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.

Annual Recurring Revenue – being management's best estimate of expected revenue of at least 12 months in duration, based on ongoing commercial arrangements.

CRM – Customer Relationship Management.

CSOP – Company Share Option Plans.

Digital Quality Score – Our digital quality score represents a proxy of how a human user would describe their experience of a digital service or application, if you were to ask them. A low score indicates poor digital quality and a variable experience for the user, a high score indicates good digital quality and a consistent experience for the user, with no variability, giving good user experience.

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 (DU) is the measurement software component of Actual Work and Actual Home.

EMI – Enterprise Management Incentives.

Enterprise Customer – A large, typically multi-national corporation with hundreds or thousands of sites globally.

ITIL – Formerly an acronym for Information Technology Infrastructure Library, is a set of detailed practices for IT service management that focuses on aligning IT services with the needs of business.

MSA – Master Services Agreement.

PO – Purchase Order.

POC – Proof of Concept.

Production – When a customer of Actual Experience has DUs deployed measuring a target.

Quality Dashboard – The Actual Experience Quality Dashboard provides actionable data for Service Providers to pinpoint the cause of poor digital quality. This insight can be used to fix or improve the digital quality problems that users are experiencing in their homes, on their phones or in the office.

Sources

Page 4
webalive.com.au, Why People Don't Buy from a Website

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UNCTAD, Information Economy Report, 2017

Page 10 and 11
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Financial Times, We may be missing the productivity revival in the global economy

Page 24 and 25
The Chartered Institute for IT, Diversity in IT 2017

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