MAKING DIGITAL WORK
for everyone everywhere

Actual Experience plc
Annual Report 2019

TODAY WE ARE HELPING BUSINESSES TO IMPROVE *their digital relationships with customers and employees*

Our analytics enable business leaders to understand when people are struggling with their digital experience and identify how to improve it.

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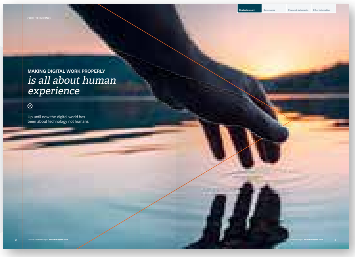

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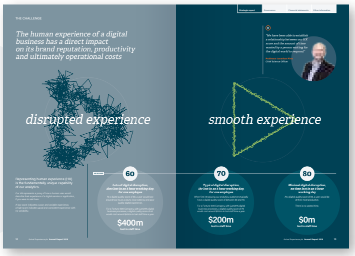
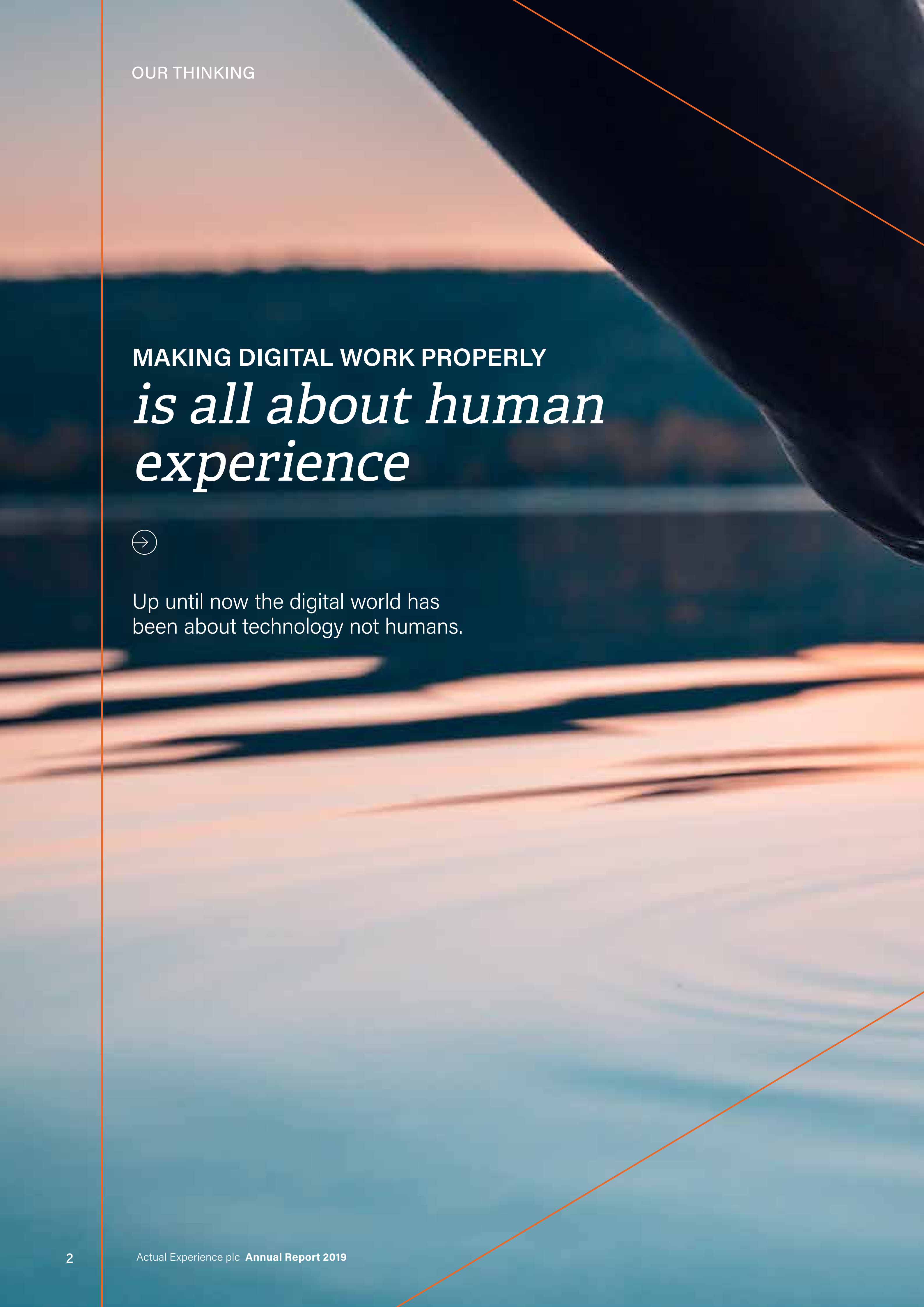




MAKING DIGITAL WORK PROPERLY
is all about human experience

Up until now the digital world has been about technology not humans.

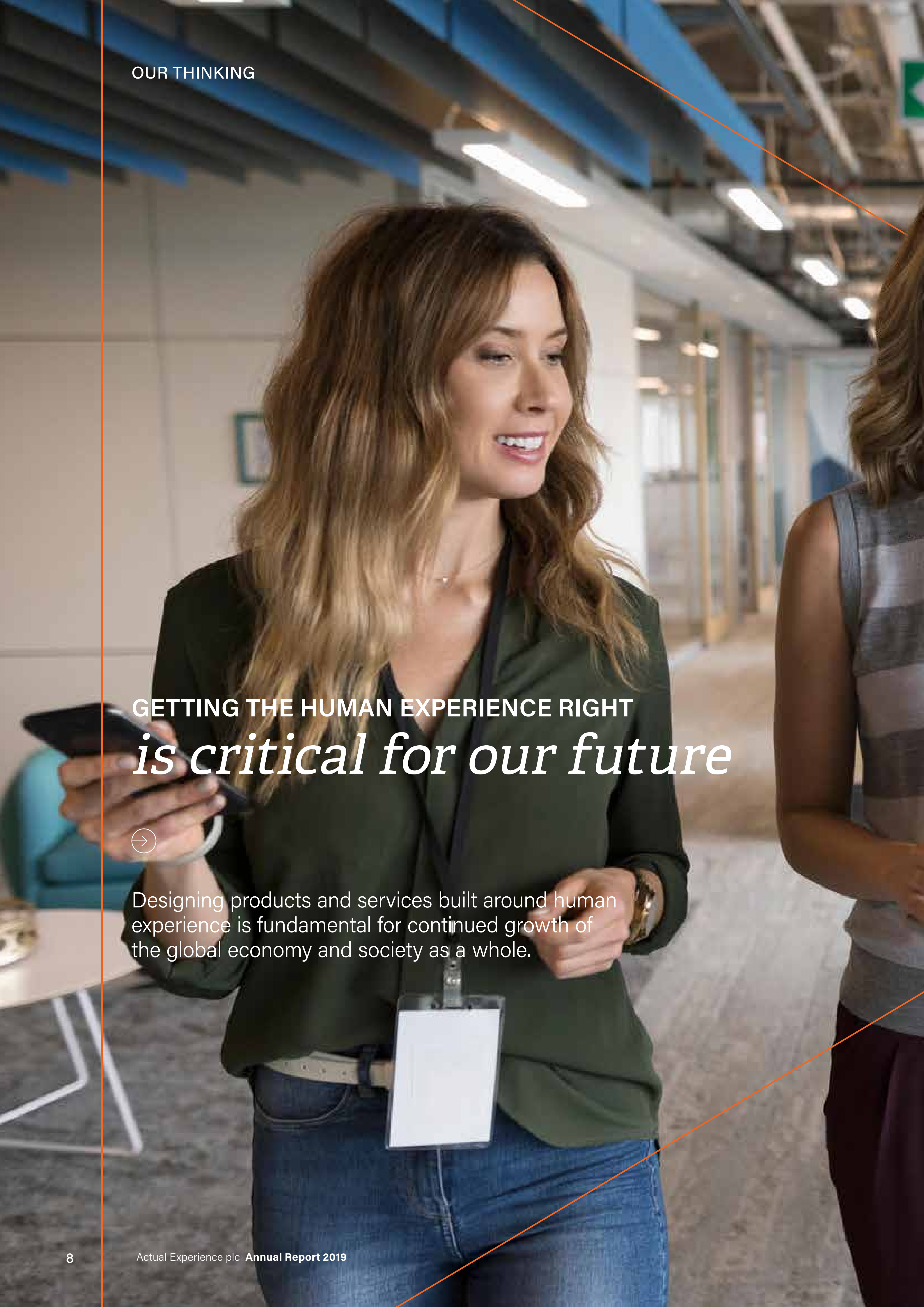
WE ANALYSE THE DIGITAL WORLD

through the lens of human experience

Ultimately human experience is the only thing that matters. It's not just about technology anymore.

HUMAN EXPERIENCE IS THE *fundamentally unique capability of our analytics*

In an increasingly digital world business leaders are taking ownership of digital strategy. They are doing this because they know that staff productivity and their online brand rely on the digital world working properly.



GETTING THE HUMAN EXPERIENCE RIGHT *is critical for our future*

Designing products and services built around human experience is fundamental for continued growth of the global economy and society as a whole.

"During FY19 our pipeline with our Channel Partners strengthened and we were pleased to secure significant 'Land & Expand' deployments."

Dave Page
Chief Executive Officer

ACCELERATING OUR *commercialisation strategy*

OPERATIONAL HIGHLIGHTS

Commercial strategy
Our Channel Partner strategy

see pages 22-23 for more information

Successful evaluation
Our Digital User software evaluated to be built-in to Channel Partner hardware

see pages 24-25 for more information

PEOPLE HIGHLIGHTS

Developing our people
Our new learning management system

see pages 28-30 for more information

Giving something back
Working with Julian House

see page 31 for more information

FINANCIAL HIGHLIGHTS

Revenue
£1.93m

Loss for the year
£5.91m

Loss per share
13.04p

Cash and cash equivalents
£7.88m

The human experience of a digital business has a direct impact on its brand reputation, productivity and ultimately operational costs

Representing human experience (HX) is the fundamentally unique capability of our analytics.

Our HX 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 a poor and variable experience, a high score indicates good and consistent experience with no variability.

HX SCORE

60

Lots of digital disruption, 2hrs lost in an 8 hour working day, for one employee

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

For a Fortune 500 Company, with just 20% digital business processes, a digital quality score of 60 would cost around $400m in lost staff time a year.

$400m

lost in staff time

"We have been able to establish a relationship between our HX score and the amount of time wasted by a person waiting for the digital world to respond."

Professor Jonathan Pitts
Chief Science Officer

smooth experience

70

Typical digital disruption, 1hr lost in an 8 hour working day, for one employee

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

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.

$200m

lost in staff time

80

Minimal digital disruption, no time lost in an 8 hour working day

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

There is no wasted time.

$0m

lost in staff time

Four innovative analytics based Human Experience offerings developed for our Partners to provide to their customers

OUR ANALYTICS

Professional Services offerings

1. Audit
Calculating the financial impact of poor human experience

2. Protect
Protecting brand and productivity during major digital transformations

3. Improve
Recover lost productivity and achieve best in class

Managed Services offering

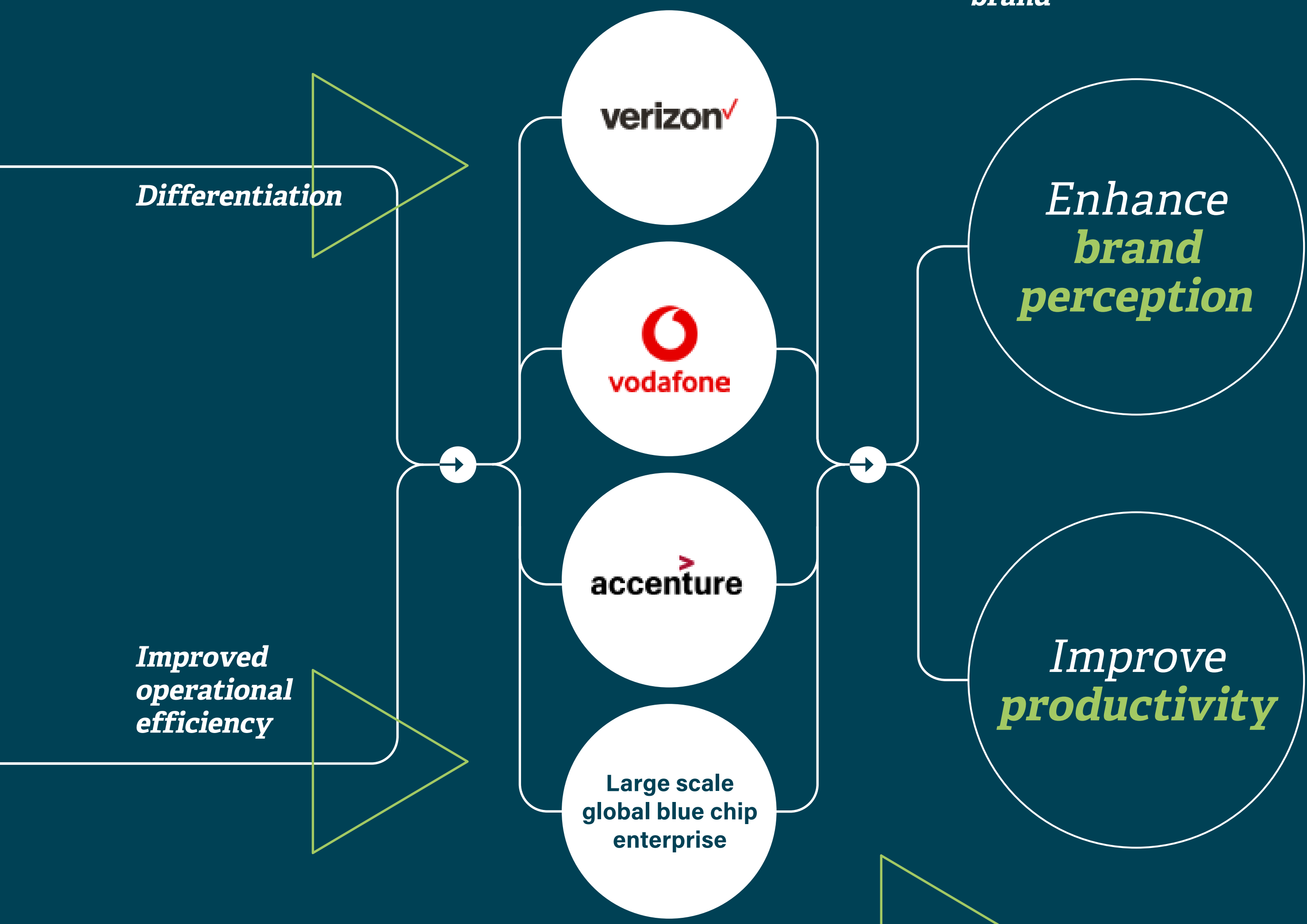
4. Assure
Diagnose human experience problems as and when they appear

OUR CHANNEL PARTNERS

VALUE DELIVERED

The value to our Partners is...

Improves their customers' productivity and online brand



7 million

calculations per minute per customer

As we closed out the 2018 Financial Year, we did so with a sense that our Financial Year 2019 (FY19), the year we are reporting on, would mark an inflection point for Actual Experience. We had secured our first two significant customer deployments and were experiencing growing momentum with our Channel Partners. We had proven the potential of our unique technology and had invested in our operations, infrastructure and capabilities to be able to implement and support significant deployments at scale.

While there were successes through FY19, including the signing of two new 'land and expand' type customer engagements and Vodafone's successful evaluation of the deployment capability of our digital user software onto their uCPE devices, it would take another year of detailed discussions with our Channel Partners for us to jointly find the optimal 'recipe' to target their extensive customer bases. As we enter FY20, we believe that we now have the right go-to-market strategy to drive greater new customer wins via our Channel Partners.

This new approach shifts initial customer engagement from IT-focused managed service offerings, in which our analytics were predominantly used by the IT division within a business, to a more business oriented Professional Services approach, targeting the leadership teams within enterprises.

We believe our analytics will be used to deliver paid-for impactful 1-3 month analysis of an organisation's digital ecosystem, quantifying the time lost to the enterprise through poor human experience associated with their digital offerings and infrastructure. The resulting short, high impact reports provide a compelling business case for progression onto identifying ongoing digital improvement opportunities, following our existing recurring AaaS revenue model. This new approach aims to shorten sales cycles, grow our applicability and deliver value to customers significantly faster.

Financials and cash

The Company continued to make financial progress in the year. Revenue for the 12 months increased 79% to £1.93m (FY18: £1.08m), largely as a result of the annualisation of the two large customer engagements secured in the prior year. The Company exited the year with Annualised Recurring Revenues ("ARR") of £2.0m (FY18: £1.6m). Cash as at 30 September 2019 was £7.9m (FY18: £10.8m).

Shareholders and Placing

We are grateful for the ongoing support of our investors. The Placing in July 2019 has extended the period in which we have the ability to support the future potential development of the Partner channel.

The results being achieved by our Partners and their end customers in terms of improved human experience, are being noted within the broader market. This is generating a number of enquiries and we are in active discussions with potential additional partners. This growing awareness of Actual Experience and our Human Experience Management capability bodes well for the future and the funds from the Placing, combined with the work we have carried out to refine our Partner go-to-market strategy, mean we have the ability to support new Partners as soon as they are signed.

People

Actual Experience continued to welcome many talented individuals to the Company through the course of the year. On behalf of the Board, I would like to take this opportunity to thank our staff in both the UK and US for their dedication to the business. Their hard work is the foundation of our success.

Outlook

We are actively seeking new business opportunities and progressing discussions with our existing Partners. While the extension of current contracts and the timing of new contracts remains uncertain, these discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is proactively restructuring the business to align itself with the evolved sales model, which will result in a reduction of the cost base over the next 12 months as well as delivering operational efficiencies. The anticipated revenue growth and reduction in the cost base will ensure that the Group maintains sufficient liquidity to meet its ongoing needs. The Financial Review gives further comment on the liquidity position.

We believe the opportunity for Actual Experience remains significant. We have no direct competitors, successful customer deployments, a significant market opportunity and the Partners with which to address it, together with a broadening route to market. Consequently, the Board believes we have the ability to become a significant global player in the market for Human Experience Management and hopes to report further successes to you later this year.

Stephen Davidson
Chairman
22 January 2020

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, China, Europe, and over ten years of research and development expertise.

Large addressable market

In the UNCTAD 2019 Report
total e-commerce sales were measured at

$29.4t *2017* **$25.3t**

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 more deeply into the Global Digital Economy as we become integral, rather than additional, to the services provided by our Channel Partners.

Large Channel Partners engaged

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

Funds available to accelerate deployment

We exited 2019 with

£7.9m
cash

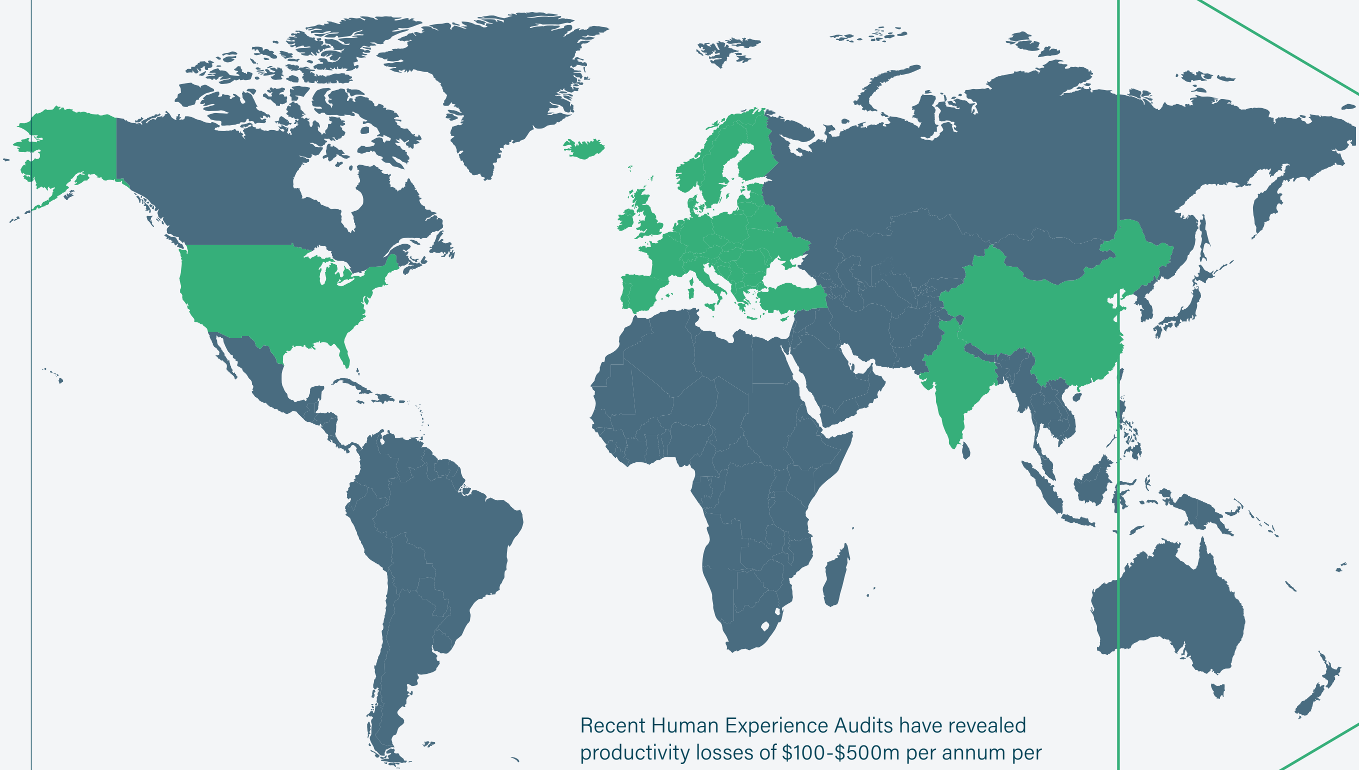
Our mission is to make the Global Digital Economy work properly

From the work that we do with our Partners for multi-national corporates we know that significant productivity losses are occurring in the Global Digital Economy due to poor human experience.

MARKET POTENTIAL

$29.4t

Ecommerce market (UNCTAD 2019)



Recent Human Experience Audits have revealed productivity losses of $100-$500m per annum per enterprise business.

The Global Digital Economy now accounts for a third of the world's economy and this is accelerating as profound market trends enable businesses to enhance their value propositions to their customers.

MARKET TRENDS

Internet of things (IoT)

The IoT has allowed completely new value propositions to be conceived and new businesses to be built.

In 2018 there were more things (8.6bn) connected to the internet than people (5.7bn).

Source: UNCTAD, 2019.

Expansion of 5G

Fifth generation (5G) wireless technology will act as an accelerant to businesses as it allows staff and customers to be connected at high speed anywhere and all the time.

5G networks can process around 1000 times more data than today's systems.

Source: Afolabi et al, 2018.

Cloud computing infrastructure

Cloud computing is helping businesses move faster. It can rapidly deliver new processes which accelerate the rate at which new propositions are developed.

Gartner predicts the worldwide public cloud service market will grow from $182.4bn in 2018 to $331.2bn in 2022, attaining a compound annual growth rate (CAGR) of 12.6%.

Source: Gartner.com

Increasing use of AI

Artificial intelligence, augmented intelligence and machine learning are all releasing humans to do more valuable and creative tasks whilst software robots tackle more intense administrative work.

It has been estimated that this general purpose technology has the potential to generate additional global economic output of around $13t by 2030.

Source: ITU, 2018.

Our unique IP allows us to deliver high value to our stakeholders

Human Experience (HX) is the fundamentally unique capability of our AaaS.

In an increasingly digital world business leaders are taking ownership of digital strategy. They are doing this because they know that staff productivity and their online brand rely on the digital world working properly.

Annuity revenue model

We provide Analytics-as-a-Service (AaaS) to our Channel Partners. They are able to build this into their solutions, hardware and software that they provide to customers. This gives them 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 believe, on the basis of our experience, that the revenue to us, from a Channel Partner's enterprise customer, can be $500k per annum or more. 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.

KEY STRENGTHS

Intellectual property

→ Patents

We have patents granted in the US, China and Europe.

→ Trade secrets

It has taken the last 10½ 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 extensive 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.

"The real progress in the year has been the pivot in our Partners' thinking, which has resulted in a partner led change to our sales model from managed services to professional services as a way of initiating quicker and broader customer engagements."

Dave Page
Chief Executive Officer

HOW WE GENERATE VALUE

AaaS
Our AaaS provides actionable information for our Channel Partners. They can use this information to improve the HX of their customers' digital journeys. Using our analytics, businesses can manage and improve the HX of their digital ecosystem, so that staff productivity is improved and online brand is protected.

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 HX's that make up the $29t Global Digital Economy. As the number of transactions and value that take place digitally increase, the need to manage and improve consistency and value to support the Global Digital Economy will only become more important.

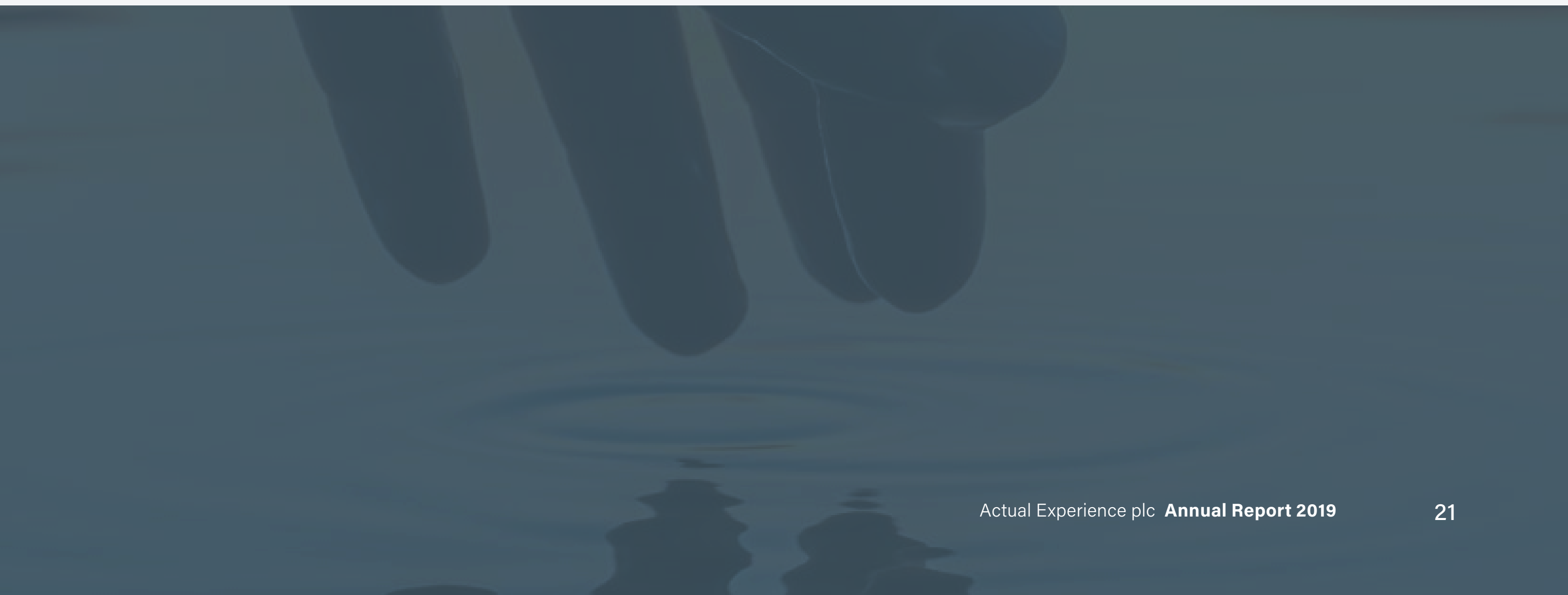
WHO BENEFITS

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 consistency of their digital business. With Actual Experience, they have actionable information to continuously improve their digital business from a HX perspective.

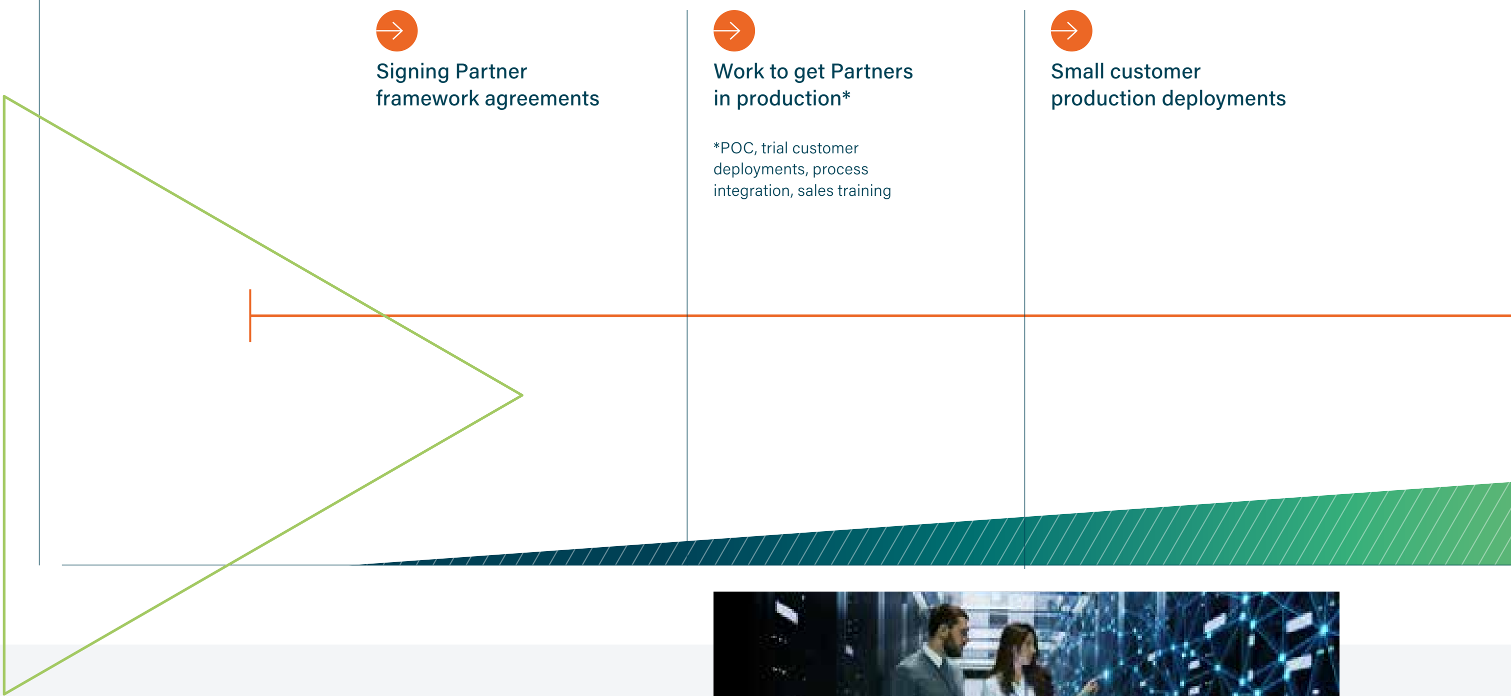
Shareholders
Long-term capital growth
With our long-term aim of being built into the solutions, software and hardware supplied by our Channel Partners, Actual Experience will be positioned to become the HX management system to the entire Global Digital Economy. Successful execution with our existing 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. We provide 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.



Our Channel Partner strategy provides us with a scalable way of addressing a significant portion of the Global Digital Economy

COMMERCIALISATION ROAD MAP

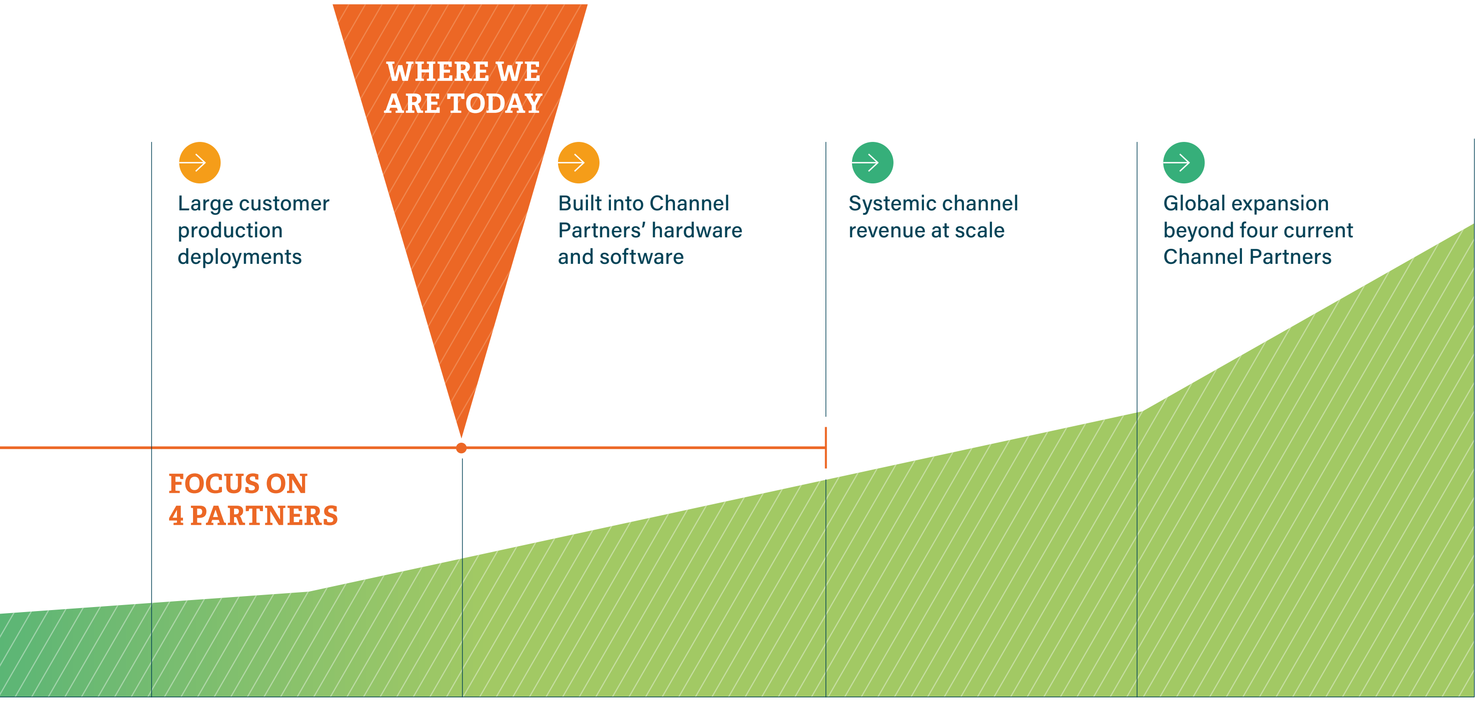


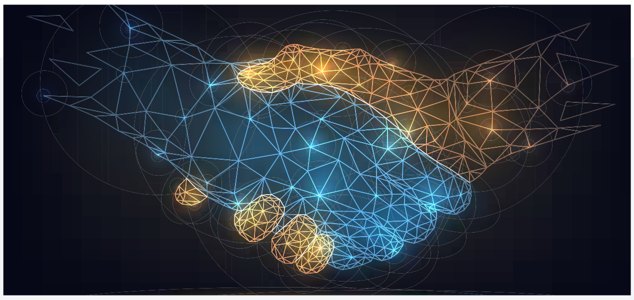
As the profile of our business has increased through successful customer deployments, we have been approached by a number of potential new Channel Partners with similar customer bases to our existing Partners.

Commercial rollout

We remain focused on being built into the solutions, products and services of our Channel Partners. This built-in model means that we can be automatically sold as an intrinsic part of the offerings consumed by our Channel Partners' customers, rather than sold individually to each customer on every occasion.

Whilst this model has attractive scaling properties, it does take significantly longer to become built-in than the more common reseller approach. Our recent Vodafone announcement relating to their uCPE programme is an early indication of our Partners' desire to build us in to their products.





Product development and innovation simplifying our product

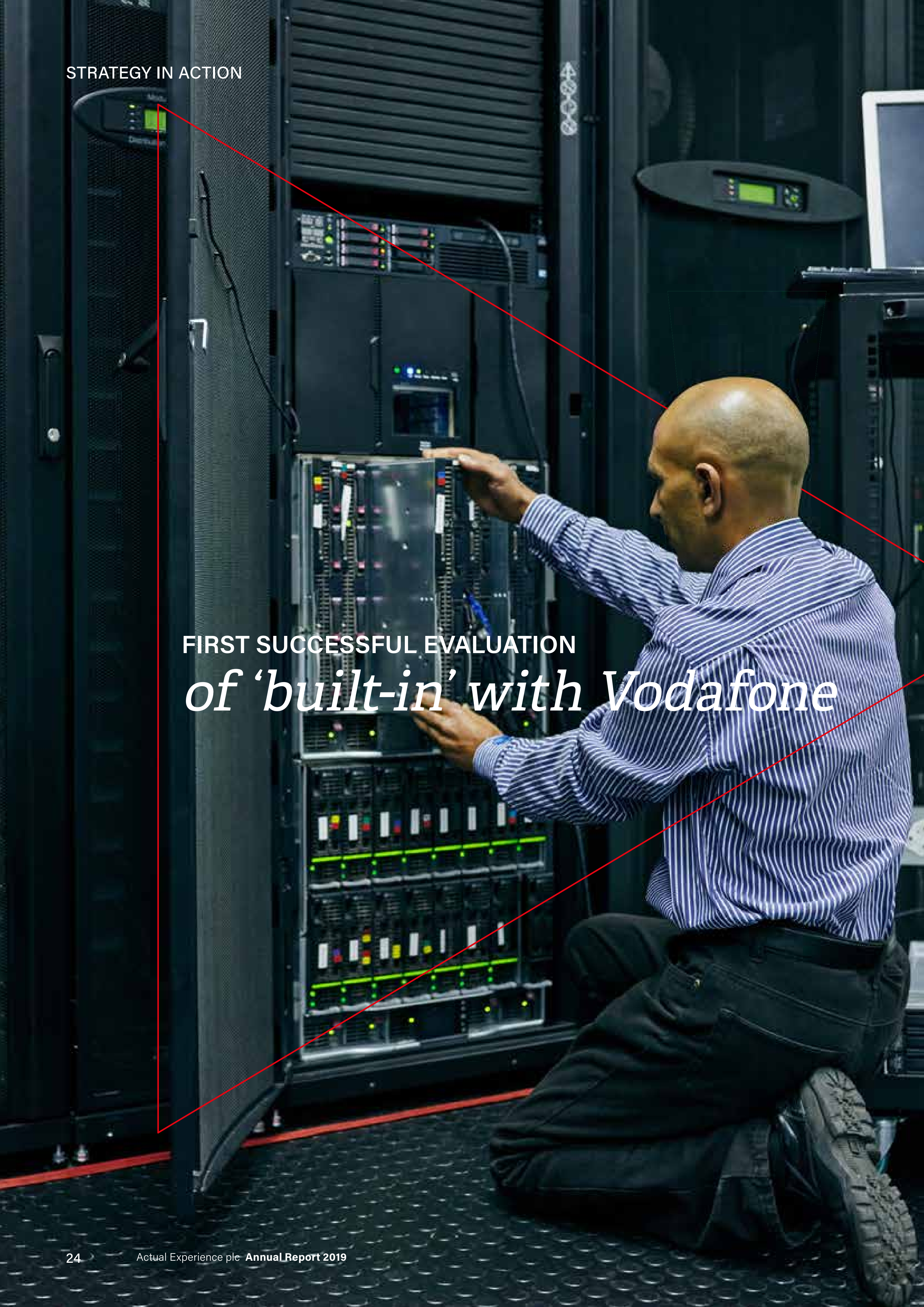
We have been working on ensuring that our product is simple to deploy and use. Therefore, our Channel Partners and their customers can readily access the power and full capability of our analytic solutions. This will result in a significant reduction in the skill and knowledge required by Channel Partners and deliver value to their mid-tier and SME customers.

Integrated sales process

We are developing a more integrated sales process with our Channel Partners, ensuring that we make the most of the opportunity that this year's large scale deployments have given us. We have allocated increased resources and subsequent land and expand deployments have followed.

To support our Channel Partners, our sales and marketing teams are focusing on ensuring that they have the tools they need to effectively bring our proposition to their customers.

We have not only provided web based training but also increased digital marketing activities to further enhance their offerings.



FIRST SUCCESSFUL EVALUATION *of ‘built-in’ with Vodafone*

vodafone

Preparation for commercial rollout with Vodafone

We have been successfully evaluated by Vodafone to be ‘built-in’ to their Universal Customer Premises Equipment (uCPE). This equipment is typically deployed to customer sites by a service provider. This is a landmark development for Actual Experience, representing the successful achievement of another key strategic milestone on the pathway to the generation of recurring revenue at scale with minimal set-up costs.

Actual Experience’s digital quality analytics will be built-in to the uCPE. Each uCPE will be ready to be activated if Vodafone’s enterprise customer chooses to utilise the analytics service. It is anticipated this will both significantly reduce the sales cycle for customer engagement and increase the speed of deployment. Being ‘built-in’ means that our software would be shipped as a standard service component to all uCPE customer sites, which entirely removes the need for the current deployment phase of our service.

“The trial showed we could easily deploy the Digital User onto our uCPE devices. Our desire is to give enterprises more control over their network analytics in line with our strategy of building superior Gigabit networks.”

Gavin Young
Head of Fixed Access Centre of Excellence, Vodafone

WORKING WITH OUR CHANNEL PARTNERS

Case Study

Challenge

A major government department was planning to upgrade its internally deployed security however the proposed migration to Zscaler had raised questions around the impact it would have on the human experience of the department’ business critical applications and whether this would, in turn, affect staff productivity. They therefore needed to ensure the project was fit for purpose before migrating its staff.

How Actual Experience helped

The department needed tangible evidence that staff productivity would not be at risk due to its proposed security migration. With the help of Actual Experiences Human Experience Protect (HXP) service, they were able to quantify the HX of Zscaler’s security solution prior to deployment and quickly understand that for all sites, digital quality and therefore staff productivity could be maintained at each stage of the migration.

The HXP report went on to provide actionable insight as to which global Zscaler domains would be the best to direct traffic towards achieving optimal potential human experience. This was information that neither Zscaler nor their Internet Service Provider could offer their client.

Value for end user and Channel Partner

Without the actionable evidence provided by Actual Experience's HXP report, this major government department would have had no benchmark of success regarding their digital transformation. Furthermore, the evidence regarding the direction of Zscaler traffic helped remove the guesswork involved in launching new services right first time.

CHIEF EXECUTIVE'S STATEMENT

The 2019 financial year saw the business secure notable commercial milestones, giving us confidence in our technology and that we are heading towards successful commercialisation and revenue acceleration. However, the real progress in the year has been the pivot in our partners thinking. This has resulted in a partner led change to our sales model from managed services to professional services as a way of initiating quicker and broader customer engagements.

In close conjunction with our Channel Partners we have sought to evolve our technology offering and service proposition. Our messaging and solution is more sharply focused on the negative impact of sub-optimal Human Experience on brand and productivity. Instead of interacting only with the IT departments, the professional service offerings target business leaders with insight into the cost to their business of poor Human Experience.

While there has been some frustration both for us and our Partners at the time it has taken to convert their sales pipelines, we believe the launch of our Partners' professional services offerings will shorten sales and deployment cycles, deliver value to customers significantly faster and provide a scalable means of addressing both the enterprise and mid-tier markets.

Link between Human Experience and Productivity

We have been able to establish a link between our proprietary Human Experience scores and the amount of time an employee wastes each day waiting for business applications to respond. Wasted employee time can be readily converted to wasted payroll, providing a clear financial measure as to the cost of poor human experience. Typically one to three percent of a company's payroll is used to pay staff to do nothing; by way of an example, recent analysis of two blue chip businesses produced wasted payroll numbers of $139m and $400m respectively. Now, by offering to audit a company's digital business, our partners can rapidly produce a wasted payroll estimate, which can establish the business case for ongoing work to improve human experience and recover lost employee time and wasted payroll. This Human Experience audit capability has been the catalyst for the transformation of our relationships with Verizon and other active and potential partners.

PROGRESSING TOWARDS OUR GOALS

1 – 5 years

Making the science work

The first five years at Actual Experience were mostly focused on making Prof Pitts' equations – resulting from years of academic laboratory research, work properly in the real world of the Global Digital Economy.

Important Commercial Milestones in 2019

We received a new open purchase order ("PO") from one of our Channel Partners in February 2019. This PO was in addition to the orders received in 2017 and 2018. The expansion of the Open PO was encouraging and confirmation that our Channel Partner is confident in our ability to deliver at scale and provide tangible benefit to their customers.

We were pleased to secure two significant 'Land & Expand' deployments through the course of the year. Our Channel Partners' customers are typically large global blue-chip enterprises. These opportunities tend to start small and grow to full scale within two years, with the potential to deliver revenues in the order of $500,000 per annum per customer to the Company. One of these deployments has already started to expand, thereby providing good strategic validation. These deployments represent satisfying progress with managed service offerings based on our analytics. We do, however, expect the new professional services offerings to contribute to an acceleration of deals and revenue in 2020 and beyond.

We were delighted to announce the major milestone of the successful evaluation by Vodafone of our product. Vodafone assessed the deployment capability of our product on Universal Customer Premises Equipment (uCPE). This means that our product can be quickly deployed if a customer has a uCPE device installed.

Sales and Marketing

As our partners develop their relationships with us over time, our engagement approach had naturally shifted from business development to sales. 2019 has seen the most significant changes in our sales personnel and processes in the history of our Company. Positively, this reflects the broadening and accelerating nature of certain key partnerships. Typically, when we employ salespeople to work with one of our partners, we expect them to have worked in sales at that partner or to have spent time selling software to that partner. Equally, in terms of process, as the number of pipeline opportunities increases, we have matched this with a rigorous sales culture. We have been supported in this endeavour by Duncan Mitchell who was until recently Senior Vice President at Cisco Systems.

Product Development

By focusing on simplification and automation, we are continuously reducing the level of skill required to deploy and use our Analytics-as-a-Service (AaaS), thus enabling Channel Partners' to deploy our technology more easily, at larger scale, quicker, and to address mid-sized customers.

We are also focused on enabling our technology to be integrated into hardware, software and other Partner offerings. Over time, this means that our technology can be included as part of the delivery of a Partner's own products and services to its customers. Because our technology can improve the human experience of arguably any digital service offering from our Partners, that ability to be built into these offerings means that a Partner could address most if not all its customers with our value propositions. This has clear and exciting implications for our ability to address a significant amount of the global digital economy.

Current trading and outlook

We have been working hard for over ten years to reach this point and to move into our next chapter of growth. The growing awareness of Actual Experience in the market, resulting in enquiries from potential new partners, and the acceleration of activity at Verizon in particular, along with the continual alignment of our business towards the professional services offerings of our partners, means that we head into 2020 with optimism for the potential of the year ahead.

Dave Page
Chief Executive Officer
22 January 2020

6 – 10 years

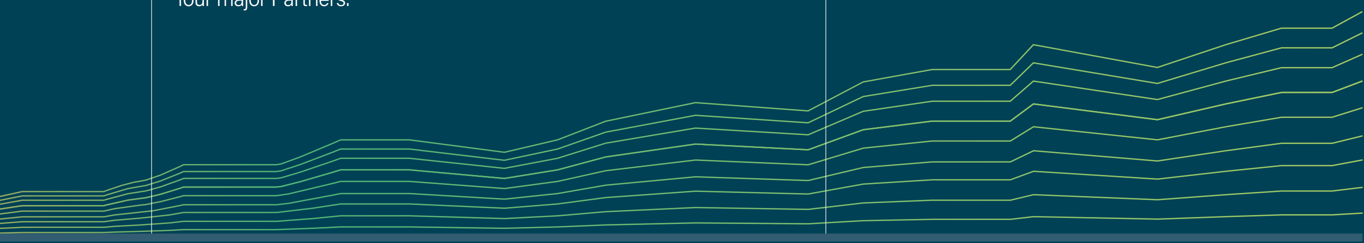
Commercialisation

Once Prof Pitts' research had been converted into a working technology, we launched Human Experience AaaS and focused on productisation and the commercialisation of the partnerships we were developing with what are now our four major Partners.

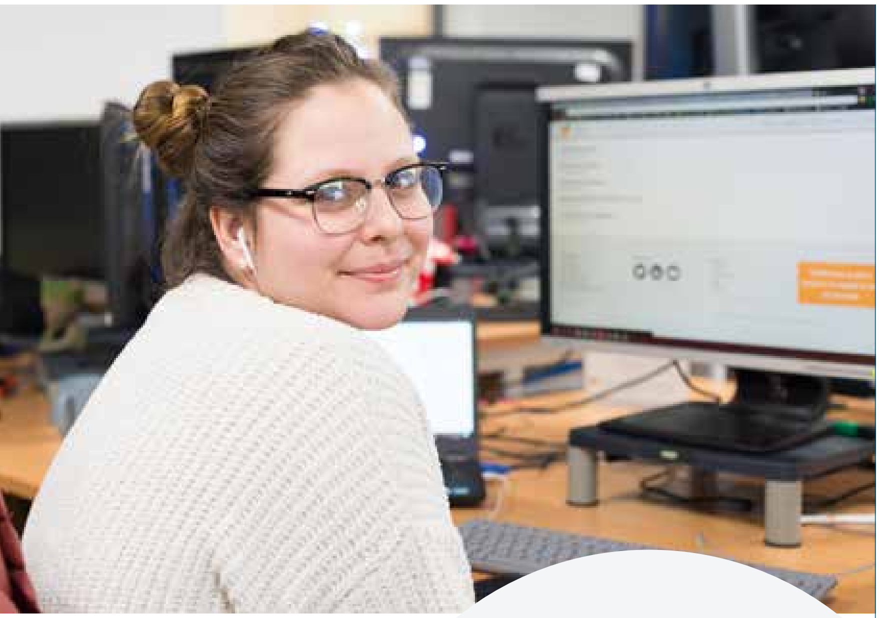
11 – 15 years

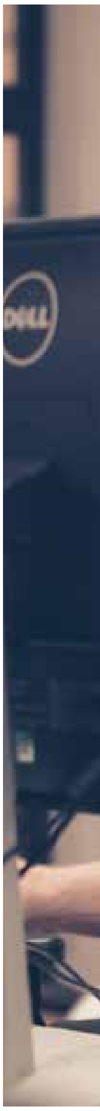
Revenue growth

As we enter this period, our Partners have already deployed our AaaS at several high-profile blue-chip customers. We now expect revenues to accelerate as we increasingly tap into the full scale of our Partners customer base.



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.





Learning Management System

Our success as a business depends on our ability to recruit the best people and support their continued development. In FY18 we rolled out a new learning management system (LMS). Initially focused on compliance modules, during the past twelve months we have developed a range of learning content covering our product architecture and features and career development. Everything we deploy on the LMS meets accessibility guidelines. In this way our team can learn on a smartphone, tablet or laptop whenever it fits into their day.

In partnership with our sales team, we have enrolled almost 50 employees from our Channel Partners onto the LMS. Each Channel Partner has their own dedicated area with access to tailored product training material updated with each new feature they deploy.

The LMS is an excellent learning tool with the potential to reduce our impact on the environment. One example of this is our transition from paper-based Display Screen Equipment questionnaires to digital training and assessments. This development has brought an important but potentially tedious task to life with engaging content and has significantly reduced our paper consumption.

Our people are key to our success

Personal Development Plans

Supporting personal and professional development was an important focus area for HR and managers in FY19. Using our LMS, we deployed a module focused on Personal Development Plans (PDPs). This has helped our team to prepare and write a PDP. Content was tailored for each team with a personal message about development written by the team leader. The LMS was set up to provide a repository for PDPs and enable manager reviews and feedback.

Our Development and Operations departments have extended this activity and created career management LMS modules. These help to map out potential career pathways for our employees. They also provide the opportunity to explore career options and understand what skills are needed to progress when an opportunity arises. Our next step is to develop content for line management positions, supporting the business to grow its own management talent.

Workplace Wellness

We recognise the important role we play in improving our employees' health and wellbeing. Our team have busy and at times stressful lives and we care about creating a positive work environment in which people can thrive. We encourage employees and managers to talk about mental and physical health and wherever possible we try to help our employees through challenging times in their lives. Our workplace wellbeing strategy focuses on the stakeholders involved in creating a healthy workplace.

In FY19 we partnered with Bath Mind to deliver line manager mental health awareness training. This prepares our management team to recognise the signs of mental ill health and know how to signpost employees for support. We have also trained two employees to be Mental Health First Aiders complementing our existing team of First Aiders. We run a weekly yoga class in the office and recognised several national wellbeing weeks during FY19 with a range of activities including mindfulness sessions. Future developments include a wellbeing section in our LMS. This will be a self-service tool helping our team to access resources on physical, mental and financial wellbeing.

Our focus

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 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.

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.

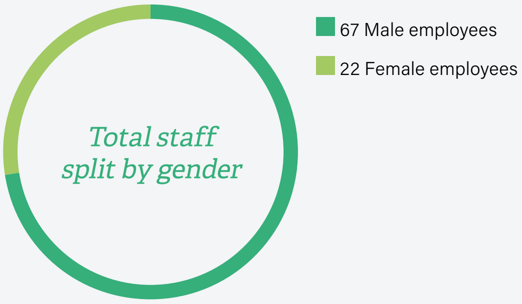
We support the local community

As an employer in Bath, we recognise that we have an impact on the local community. Our employees are encouraged to support local charities and get involved in the community.

see page 31 for more information

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 better than the industry average, at 25% female, we are proactively looking to improve this as we believe in the importance of our team's reflecting the customers we serve.



EMPLOYEE IN FOCUS

Renée Jacobs

I have worked at Actual Experience for 3 years now. I joined Actual as Dave's Executive Assistant. I was very excited about joining a growing company, with an interesting and different technology. At the time, I saw Actual's offering as potentially game-changing, and I still do.

I have been very fortunate that I have been able to take full advantage of the opportunities offered to me during my time at Actual. Working with Dave gave me an excellent insight into the business. I was also able to manage our Investor Relations programme, which was both interesting and challenging. Now I am supporting the business in Project Management.

I am grateful to everyone at Actual for supporting me to move into Project Management at a time in my life when I needed to adjust my work-life balance but wanted to continue to focus on my career. Not only have I been able to gain my Prince 2 Agile Project Management certification, Actual have also supported me in working flexibly, helping me to spend time with my young family.

EMPLOYEE IN FOCUS

Ali Gregory

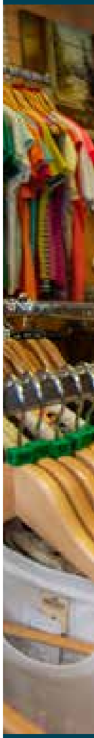
As an early recruit in 2010, while finishing up my engineering degree, I was responsible for manually running our analytics engine and generating reports on a daily basis.

As we developed the product I worked with our delivery team to set up our first customers and over the next few years was responsible for deployment of the "Actual Home" project which led us to delivering groundbreaking data to Ofcom. Working in a small but growing team early in my career gave me opportunities to work closely with and learn quickly from the best in the business.

Working at Actual I was given the flexibility to continue to pursue some sporting endeavours around work while expanding my knowledge on all things human experience and the tech world. As my sporting career ended in 2016 I took on a deployment role dedicated to one of our Channel Partners.

Working closely with our sales team I had the opportunity to represent Actual Experience at sales events across Europe and the US gaining significant sales experience and building important relationships in the channel. During this time I was responsible for designing and implementing our largest customer deployment to date.

Having covered a broad pre and post-sales role since 2016 I have recently moved to a more sales and pre-sales focused role as a Solution Architect and look forward to helping grow Actual Experience further in 2020.



Work in the local community

Building on our volunteering and fundraising last year, we established an employee-run charity team in FY19. We asked employees which charity we should support and they voted for Julian House, a homeless charity based in Bath. We have raised over £1,600 for Julian House in FY19, with our employees taking part in events such as the Bath Boules, the Big Sleep Out and the Circuit of Bath Walk.

"Julian House are incredibly grateful for the continued support of Actual Experience. Their help frequently goes beyond financial donations and we benefit heavily from engagement of the team including their participation in Julian House events, as well as their vital volunteer support and workshops for Julian House staff. We are delighted to have such strong links with the team and organisation as a whole, who help us to continue to positively benefit the community of Bath and the South West."

Jess Gay
Senior Community and Events Fundraiser

GIVING SOMETHING BACK

Working with Julian House

In addition to our charity work, we've looked at other ways in which we can fulfill our corporate social responsibility. We changed our cleaning provider in FY19 to a company with a clear environmental policy. We've reduced and where possible eliminated single use plastic packaging in daily consumables such as tea, coffee beans and sugar. Our employees proposed removing waste bins at every desk and introducing a food waste bin in the office. We've also considered the deliveries that arrive at our office each week. By coordinating this activity we have reduced transport pollution by consolidating single items into one larger combined order.

We'll continue the focus into FY20 with recycling a wider range of materials, introducing more eco-friendly cleaning products and extending our removal of single use plastics across the office.

LEADING THROUGH *Our People*

We asked our Leadership Team to look ahead to the forthcoming year and how they are going to make it a resounding success within their teams...

Dave Page

Chief Executive Officer

This year, we expect to see the acceleration of our transition from five years of productisation and Partner commercialisation to more systematic Partner revenue growth.

This is therefore a critical period, and because of that my focus will be on making sure that our staff have the environment where they can flourish and excel, that we have laser focus on helping our Partners differentiate themselves whilst delivering new insights and value to their customers, that we relentlessly focus on a sales led and customer focused culture, and ensure that science-led product innovation at Actual Experience continue.

Ben Burns

Chief Product Officer

Product's purpose is to distill the corporate vision into an innovative and market-leading service, delivering clear customer value in-line with the business' objectives.

The current roadmap focuses on strategic differentiation through innovation, simplification to eliminate complexity and drive high-scale deployment/use, whilst maintaining flexibility to respond to tactical requirements from our customer base. This approach is aimed at enabling Channel Partners to take full ownership of the product lifecycle, as an embedded part of their business processes and go-to-market.

Steve Bennetts

Chief Financial Officer

I'm privileged to lead an outstanding finance and legal team at the heart of the company, providing optimal support to all parts of the business while ensuring the highest standards of stewardship and control.

Effective and timely planning and reporting are critically important tasks that help ensure that accurate and relevant data continues to drive our important business decisions.

Robin Young
Chief Operating Officer

Operations exist to support all of our customers post the sales experience. Our teams manage Partners through product deployment, use of analytic data, testing, change management, hosting, information security, in-house technology, problem resolution and ongoing 24 hour helplines.

With the impending increase in customer numbers; the teams are focussed on a seamless scaling of each function using prepared people, capacity and training plans.

Martin Woods
Chief Technology Officer

By continuing to innovate with our human experience algorithms we will make it ever simpler for our customers to manage the human experience of their digital business and introduce intuitive new insights over time.

We'll also actively continue to find and implement ways to improve the flow of work through Research & Development so that we can deliver increasing value to the business.

Nick Gordon
Chief Customer Officer

I'm tremendously excited about this financial year as we continue to build trusted relationships with our existing and potential new Partners and diverse routes to market for us to reach both enterprise and mid market customers, worldwide.

We now have the ability to sell alongside our Partners into large, bespoke, enterprise opportunities; sell through them into their mid market customer base and to embed our solution into their technology offerings, such as pre-loaded software inside universal CPE.
I believe this will be a breakaway year for us as we deliver upon the potential of the foundations that have been built over the past decade.

“The significant improvement in gross profit reflects the inherent scalability of our business model as well as improved operational efficiency.”

Steve Bennetts
Chief Financial Officer

Financial Review

Revenue recognised in the year ended 30 September 2019 was £1,934,082 (2018: £1,076,463) and relates to the supply of analytical services and associated consultancy activities to customers.

99% of revenue was derived from sales to Channel customers (2018: 95%) with the balance arising from direct sales. This high percentage reflects the Group’s strategic focus on generating revenue growth from its Channel Partners.

Gross profit

The gross profit for the year was £790,966, a significant improvement from the prior year (2018: loss of £88,645). This reflects the inherent scalability of our business model as well as improved operational efficiency as the Group continues to provide full support to 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 £7,050,417, a decrease of £243,055 compared to the prior year. This decrease reflects the focus on effective management of the Group’s expense base, as well as greater operational efficiencies. Personnel costs continue to be the largest expense and represent approximately 81% of the Group’s cost base. The functional cost breakdown is as follows:

Administrative Expenses	2019 £	2018 £
Research and development	**2,546,368**	2,555,825
Operational support	**1,112,153**	1,120,428
Sales and marketing	**2,403,106**	2,559,403
Finance and administration	**1,066,049**	1,101,868
Foreign exchange gains	**(77,259)**	(44,052)
Total	**7,050,417**	7,293,472

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 £5,911,950 (2018: loss of £7,211,796). This reduction in losses is the result of significantly higher revenues and a decrease in administrative expenses, which reflects a continuing focus on rigorous expense management as well as operational efficiencies.

Loss per share

The loss per share for the year was 13.04p (2018: loss per share of 16.08p). The reduction in loss per share reflects the decrease in total comprehensive loss for the year as well as an increase in the weighted average number of ordinary shares in issue.

Dividend
No dividend has been proposed for the year ended 30 September 2019 (2018: £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 2019, 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 £4,418,091 for the year, compared to cash used of £6,433,222 for the year ended 30 September 2018, with the improvement reflecting the reduction in losses. This operating cash requirement was substantially funded by cash reserves, which were augmented by net proceeds of £2,782,833 from the July 2019 Placing. The Group ended the year with cash totalling £7,876,634 (2018: £10,776,516).

Free cash flow for the year was £(5,629,771) (2018: £(7,629,560)). 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 development costs, net of amortisation charges, of £1,792,465 have been capitalised as at 30 September 2019 (2018: £1,579,227).

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.

Principal risks and uncertainties and going concern
As in previous years the Group has continued to utilise its cash resources to fund losses whilst the sales pipeline is being established. The cash balance as at 30 September 2019 was £7.9m which will provide the Group with sufficient resources to meets its liquidity requirements for the next 18 months, based on its current forecast of sales growth and cost efficiencies.

We are actively seeking new business opportunities and progressing discussions with our existing Partners. As at year end, the extension of current revenue contracts and the timing of new revenue contracts remains uncertain. However, the discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is also proactively restructuring the business to align itself with the evolved sales model which will result in a reduction of the cost base over the next 12 months as well as operational efficiencies. The revenue growth and reduction in the cost base will ensure that there is sufficient liquidity for the Group's needs.

After making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver the proposed revenue growth and cost reductions, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Key performance indicators
As the Group is in the process of development and commercialisation of its services, the Directors consider the key quantitative performance indicators to be sales revenues of £1,934,082 (2018: £1,076,463) and the level of cash held in the business of £7,876,634 (2018: £10,776,516). 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 active customers and deployed Digital Users, are monitored on a monthly basis. The Board will continue to review the KPIs used to assess the business as it grows.

Steve Bennetts
Chief Financial Officer
22 January 2020

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 meets at least twice each year and reports their findings to the Board.

The Risk Policy defines how and at what frequency risks shall be reviewed. The Executive Risk Committee meets regularly 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 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 4 to the consolidated financial statements. The Board considers that the principal operational risks to achieving our strategic objectives are as summarised on the opposite page.

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.
Adequacy of financial resources The current level of cash may be insufficient to support the business through to profitability and positive cash flow. Additional capital may therefore be required in future to fund the business. The Group may be unable to access additional equity or debt capital, or to raise funds on acceptable terms. In the event that the resources available to the Group are inadequate then this could have a materially adverse impact on the implementation of the Group's strategy, its business, financial condition and operations.	**Expense Control** The Group will continue to rigorously manage its cash resources. Expenditure has been reduced from prior levels and management will continue to assess the appropriate levels of expenditure as the business develops.
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 as the Group continues to expand, it is essential that it 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 Group 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.

Pages 2 to 37 of this Annual Report and Accounts comprise the Strategic Report for the Group which has been prepared in accordance with Chapter 4A of part 15 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Dave Page
Director
22 January 2020

Providing strong and experienced leadership

Stephen Davidson

Non-executive Chairman

Appointed to Board:
February 2014

Independent:
Yes

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

E N Ri Re

Dave Page

Chief Executive Officer

Appointed to Board:
February 2014

Independent:
No

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.

E N Ri

Steve Bennetts

Chief Financial Officer

Appointed to Board:
February 2014

Independent:
No

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.

E Ri

Robin Young
Chief Operating Officer

Appointed to Board:
September 2014

Independent:
No

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.

E Ri

Kirsten English
Non-executive Director

Appointed to Board:
January 2020

Independent:
Yes

Kirsten is currently Non-executive Director of Innovate Finance and Non-executive Director of Universities Superannuation Scheme (she is also Chair of the Governance and Nominations Committee). In her earlier career Kirsten held executive roles in FTSE 25, SME and Private Equity businesses internationally including CEO and Chair assignments.

E A N Re

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 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 prelegislative scrutiny of the Communications Act, 2003.

E A Re

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 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.

E A N Ri

Committee membership:

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

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2019. These will be laid before the shareholders of the Company at the next Annual General Meeting (AGM).

General information and principal activities

Actual Experience plc is listed on the AIM market of the London Stock Exchange (LSE:ACT). The Company is incorporated and domiciled in the United Kingdom, 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 Human Experience Management Services and associated consultancy services.

Results and dividends

The results of the Group for the year ended 30 September 2019 are set out in the Consolidated Statement of Comprehensive Income on page 53.

The Directors do not propose payment of a dividend for the year ended 30 September 2019 (2018: 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 2 to 37. 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.
- Mark Reilly, Non-executive Director (resigned 3 December 2019).
- Kirsten English, Non-executive Director (appointed 1 January 2020).
- Paul Spence, Non-executive Director.

Short biographies of each current Director are provided on pages 38 and 39.

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 47 and 48. 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 18(a) to the consolidated financial statements.

The share capital comprises one class of ordinary shares and these are listed on AIM. As at 31 December 2019 there were in issue 47,372,061 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 2019, 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	10,120,977	21.36%
M&G	7,063,972	14.91%
Lombard Odier	6,690,316	14.12%
Mr Michael Edge	3,195,000	6.74%
Queen Mary University of London	2,610,000	5.51%
Mr Dave Page	1,932,368	4.08%
Professor Jonathan Pitts	1,879,750	3.97%
Allianz	1,815,705	3.83%

Save as referred to above, the Directors are not aware of any persons as at 31 December 2019 who were interested in three per cent 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 4 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 14 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 11.30am on 12 March 2020 at the London office of Osborne Clarke. On page 83 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 Directors' Report was approved and signed by order of the Board.

Steve Bennetts
Chief Financial Officer and Company Secretary
22 January 2020

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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
An important element of my role as Chairman is to ensure that the Company operates to a high standard of corporate governance. The Board has assessed the governance structures within the Company and considers these appropriate for the size, complexity and risk profile of the Company.

As I noted in my letter to you last year, the Board has been committed to good corporate governance in the management and operation of the Group's business since our AIM listing in 2014. Last year the Board adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in line with the London Stock Exchange's changes to the AIM Rules.

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

In summary, 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
22 January 2020

Board composition

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

Executive:	
Dave Page	Chief Executive Officer
Steve Bennetts	Chief Financial Officer
Robin Young	Chief Operating Officer
Non-executive:	
Stephen Davidson	Non-executive Chairman
Sir Bryan Carsberg	Non-executive Director
Kirsten English	Non-executive Director
Paul Spence	Non-executive Director

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, can be found on pages 38 and 39.

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.

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 seven times in the 2019 fiscal year. In addition, the Non-executive Directors communicate directly with executive Directors and senior management between formal Board meetings. The Board continues to review and assess the Group's strategy at meetings throughout the year.

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	7/7	2/2*	3/3	2/2*
Sir Bryan Carsberg	7/7	2/2	3/3	–
Paul Spence	6/7	2/2	–	2/2
Mark Reilly (retired 3 December 2019)	6/7	2/2	2/3	–
Dave Page	7/7	2/2*	3/3	2/2
Robin Young	7/7	–	–	2/2
Steve Bennetts	7/7	2/2*	3/3	2/2
Kirsten English (appointed 1 Jan 2020)	0/7	0/2	0/3	0/2

* attended by invitation

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. 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 are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

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

Reappointment of Directors
The Company's Articles of Association require that at each Annual General Meeting (the "AGM") one-third of Directors shall retire and seek re-election 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. Not withstanding these requirements, the Board has decided that, commencing with the March 2020 AGM all Directors will seek re-election on an annual basis.

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

Board Committees
The Board has delegated certain powers and duties to the Audit, Remuneration, Risk and Nominations 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 46 contains more detail on the Committee's role.

Chair:
Sir Bryan Carsberg

Members:
Kirsten English
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 47 contains more detail on the Committee's role.

Chair:
Stephen Davidson

Members:
Sir Bryan Carsberg
Kirsten English

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.

Chair:
Stephen Davidson

Members:
Dave Page
Kirsten English
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 36 and 37 contains more detail on the Committee's role.

Chair:
Paul Spence

Members:
Steve Bennetts
Dave Page
Robin Young

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 this exercise will be repeated in 2020 and any significant matters arising will be noted in the Annual Report.

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 principle 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; and
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 is committed 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 83. This Notice of Meeting has been circulated to shareholders and is on the Company's website.

Business ethics

The Board believes that it is critically important that Executive Directors are actively involved in ensuring our ethical values and culture continue to be shared by all employees. In support of this, anti-bribery and whistleblowing policies are circulated to all employees, who are required to certify annually that they have read and understood the policies. In addition, an online employee training course has been introduced, which includes compulsory modules on anti-bribery and fraud. The aim of the whistleblowing 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. As detailed on page 35 after making enquiries, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to fund their activities 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
22 January 2020

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 22-23
	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 20-21
	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.	See pages 36-37
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 40-41
	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/
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 2019.	See page 44
	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 40-41
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/

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 2019. In summary, these activities help to ensure 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 judgements. 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
22 January 2020

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 twice in the year.

Following Mark Reilly's resignation, Kirsten English has been appointed to the Committee with effect 1 January 2020.

The Board is satisfied that 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 2019 audit plan and audit engagement letter;
- review of the risk management and internal control systems;
- review of the interim results; and
- 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 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 judgement 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 36 of the Strategic 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 risk management and internal controls and is satisfied that they are 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.

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The responsibilities of the Committee are to advise upon and make recommendations to the Board on the Group's remuneration policies and, within the framework established by the Board, to recommend the remuneration of the Executive Directors. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings to discuss remuneration arrangements 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.

Stephen Davidson chairs the Committee with effect from 3 December 2019 following the resignation of Mark Reilly. 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
Mark Reilly (Chair) (resigned 3 December 2019)	2
Stephen Davidson (Chair) (appointed 3 December 2019)	3
Sir Bryan Carsberg	3
Kirsten English[2]	0
Dave Page[1]	3
Steve Bennetts[1]	3

1 By invitation
2 Appointed to Committee 1 January 2020

The Remuneration Committee assesses 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 2019 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 2019 was:

	Salary and fees £	Employer Pension Contributions £	Health Care £	Bonus £	Total Year ended 30 September 2019 £	Total Year ended 30 September 2018 £
Stephen Davidson[1]	**50,000**	–	–	–	**50,000**	50,000
Dave Page	**150,000**	**3,750**	**461**	–	**154,211**	157,652
Steve Bennetts[1]	**130,358**	**3,250**	**945**	–	**134,553**	138,341
Robin Young[1]	**150,000**	–	**419**	–	**150,419**	155,436
Sir Bryan Carsberg[1]	**25,000**	–	–	–	**25,000**	25,000
Mark Reilly (resigned 3 December 2019)	**25,000**	–	–	–	**25,000**	25,000
Paul Spence[1]	**33,426**	–	–	–	**33,426**	25,000
Total	**563,784**	**7,000**	**1,825**	–	**572,609**	576,429

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 (2018: £0), Steve Bennetts £0 (2018: £3), Robin Young £1,375 (2018: £5,380), Sir Bryan Carsberg £0 (2018: £0), and Paul Spence £2,009 (2018: £8,975).

Directors' shareholdings (audited)

The interests of the Directors holding office at 30 September 2019 in the shares of the Company, including family interests, were:

	Ordinary Shares of 0.2p each	
	2019 Number	**2019 %**
Stephen Davidson	**20,000**	**0.04**
Dave Page	**1,932,368**	**4.08**
Steve Bennetts	**175,500**	**0.37**
Robin Young	**2,600**	**0.01**
Sir Bryan Carsberg	–	–
Mark Reilly	**65,500**	**0.14**
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 2019 were:

	At 1 October 2018	Granted during year	At 30 September 2019	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.
It is anticipated that Kirsten English will be granted 70,000 share options after the date of this report.

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

Stephen Davidson
Chair of the Remuneration Committee
22 January 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC

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 2019 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 2019; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and company's ability to continue as a going concern.

The Group has continued to utilise its cash resources to fund losses whilst the sales pipeline is being established. The Group is actively seeking new business opportunities and progressing discussions with its existing Partners. As at year end, the extension of current revenue contracts and the timing of new revenue contracts remains uncertain. The Group is also proactively restructuring the business to align itself with the evolved sales model. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company was unable to continue as a going concern.

What audit procedures we performed

We obtained management forecast results and cashflows for the next three years and agreed actual post year end results and cash balances to the latest management accounts.

For the key customer we read the existing contract and contractual obligations and obtained the latest purchase order and reconciliation to determine the level of unfulfilled sales orders.

We read an example staff contract to understand the employment terms and any associated costs on terminating the contract.
We performed sensitivity analysis over the revenue and costs to understand the impact on the cash balance.

Our audit approach

Overview

- Overall group materiality: £312,000 (2018: £350,000), based on 5% of loss before tax.
- Overall company materiality: £269,000 (2018: £325,000), 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 Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. 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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. 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 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.	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	£312,000 (2018: £350,000).	£269,000 (2018: £325,000).
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 £126,000 and £269,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £15,600 (Group audit) (2018: £18,200) and £13,500 (Company audit) (2018: £18,200) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 2019 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, 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.

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
23 January 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2019

	Note	2019 £	2018 £
REVENUE	5	**1,934,082**	1,076,463
Cost of sales		**(1,143,116)**	(1,165,108)
GROSS PROFIT/(LOSS)		**790,966**	(88,645)
Administrative expenses		**(7,050,417)**	(7,293,472)
OPERATING LOSS	6	**(6,259,451)**	(7,382,117)
Finance income	8	**54,235**	89,061
Finance expense	8	**(34,687)**	–
Finance income – net		**19,548**	89,061
LOSS BEFORE TAX		**(6,239,903)**	(7,293,056)
Tax	9	**327,953**	81,260
LOSS FOR THE YEAR		**(5,911,950)**	(7,211,796)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		**(7,241)**	(29,951)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(5,919,191)**	(7,241,747)
LOSS PER ORDINARY SHARE			
Basic and diluted	10	**(13.04)p**	(16.08)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Note	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 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 expense for the year		–	–	(7,241,747)	(7,241,747)
Issue of shares	18(a)	283	119,883	–	120,166
Share-based payment expense	21	–	–	177,413	177,413
At 30 September 2018		89,805	31,928,013	(18,903,969)	13,113,849
At 30 September 2018 – as previously presented		89,805	31,928,013	(18,903,969)	13,113,849
Change of accounting policy	2	–	–	(55,221)	(55,221)
Restated total equity at 1 October 2018		**89,805**	**31,928,013**	**(18,959,190)**	**13,058,628**
Loss for the year		**–**	**–**	**(5,911,950)**	**(5,911,950)**
Other comprehensive expense for the year		**–**	**–**	**(7,241)**	**(7,241)**
Total comprehensive expense for the year		**–**	**–**	**(5,919,191)**	**(5,919,191)**
Issue of shares	18(a)	**4,444**	**2,995,557**	**–**	**3,000,001**
Expenses of share issue		**–**	**(217,168)**	**–**	**(217,168)**
Share-based payment expense	21	**–**	**–**	**83,199**	**83,199**
At 30 September 2019		**94,249**	**34,706,402**	**(24,795,182)**	**10,005,469**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

	Note	2019 £	2018 £
ASSETS			
Non-current assets			
Property, plant and equipment	11	**140,806**	250,250
Right-of-use assets	12	**894,398**	–
Intangible assets	13	**1,792,465**	1,579,227
TOTAL NON-CURRENT ASSETS		**2,827,669**	1,829,477
Current assets			
Trade and other receivables	14	**681,670**	684,578
Income tax receivable	9	**296,866**	735,634
Cash and cash equivalents	15	**7,876,634**	10,776,516
TOTAL CURRENT ASSETS		**8,855,170**	12,196,728
TOTAL ASSETS		**11,682,839**	14,026,205
LIABILITIES			
Non-current liabilities			
Deferred tax	9	**(14,317)**	(26,863)
Lease liabilities	12	**(866,134)**	–
TOTAL NON-CURRENT LIABILITIES		**(880,451)**	(26,863)
Current liabilities			
Trade and other payables	16	**(689,426)**	(885,493)
Lease liabilities	12	**(107,493)**	–
TOTAL CURRENT LIABILITIES		**(796,919)**	(885,493)
TOTAL LIABILITIES		**(1,677,370)**	(912,356)
NET ASSETS		**10,005,469**	13,113,849
EQUITY			
Share capital	18(a)	**94,249**	89,805
Share premium	18(a)	**34,706,402**	31,928,013
Accumulated losses	18(b)	**(24,795,182)**	(18,903,969)
TOTAL EQUITY		**10,005,469**	13,113,849

Approved by the Board of Directors and authorised for issue on 22 January 2020.

Stephen Davidson
Chairman

Steve Bennetts
Chief Financial Officer

Company number: 06838738

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss before income tax		**(6,239,903)**	(7,293,056)
Adjustments for:			
Depreciation of property, plant and equipment	11	**125,136**	138,422
Depreciation of right-of-use assets	12	**111,788**	–
Amortisation		**982,808**	844,898
Loss on disposal of property, plant and equipment		**–**	522
Non-cash employee benefits expense – share-based payments		**83,199**	177,413
Finance income - net		**(19,548)**	(89,061)
Operating cash outflow before changes in working capital		**(4,956,520)**	(6,220,862)
Increase in trade and other receivables		**(2,446)**	(173,317)
(Decrease)/increase in trade and other payables		**(213,300)**	58,110
Cash used in operations		**(5,172,266)**	(6,336,069)
Income taxes received/(paid)		**754,175**	(97,153)
Net cash flows used in operating activities		**(4,418,091)**	(6,433,222)
Cash flows from investing activities			
Development of intangible assets	13	**(1,196,046)**	(1,157,864)
Purchases of property, plant and equipment	11	**(15,634)**	(38,474)
Transfers to term deposits with more than 3 months maturity		**–**	5,000,000
Finance income	8	**54,235**	89,061
Net cash (outflow)/inflow from investing activities		**(1,157,445)**	3,892,723
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	18(a)	**2,782,833**	120,166
Principal element of lease payments		**(138,630)**	–
Inflow/outflow to Employee Benefit Trust		**27,101**	(18,000)
Net cash inflow from financing activities		**2,671,304**	102,166
Decrease in cash and cash equivalents		**(2,904,232)**	(2,438,333)
Effect of exchange rate fluctuations on cash held		**4,350**	4,999
Cash and cash equivalents at start of year		**10,776,516**	13,209,850
Cash and cash equivalents at end of year	15	**7,876,634**	10,776,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2019

1 Summary of significant accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they are not disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Actual Experience plc and its subsidiary. The financial statements are audited financial statements for the year to 30 September 2019. These include comparatives for the year ended 30 September 2018.

1(a) Basis of preparation
The Company is incorporated and domiciled in the United Kingdom, registration number 06838738 and the registered office is Quay House, The Ambury, Bath, BA1 1UA.

(i) Compliance with IFRS
The consolidated financial statements of the Actual Experience plc Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2016 applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis.

(iii) New and amended standards adopted by the Group
The Group has applied the following standards and amendments for the first time for the annual reporting commencing 1 October 2018:
- IFRS 9 "Financial Instruments" (IFRS 9)
- IFRS 15 "Revenue from Contracts with Customers" (IFRS 15)
- IFRS 16 "Leases" (IFRS 16)
- Annual improvements to IFRS standards 2015-2017 cycle
- Definition of Material – Amendments to IAS 1 and IAS 8

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In the current year, the Group has applied IFRS 9. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group has not restated comparatives.

IFRS 9 introduced new requirements for:
1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting

Applying the new requirements has not had a material impact on the Group's financial statements.

Applying the revised Expected Credit Losses (ECL) methodology did not result in any material change to the loss allowance recorded under IAS 39. Except for the changes to impairment methodology as noted above, the remainder of the differences as a result of adoption of IFRS 9 are limited to immaterial presentational and disclosure changes. Refer to note 1(h) for the revised accounting policy applied within the Group.

IFRS 15 provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The Group's revenue is predominantly derived from the single performance obligation to sell a standalone digital experience quality service. As part of the adoption process, the Group assessed its performance obligations underlying the revenue recognition and assessed that the new requirements has not had a material impact on the Group's financial statements. Refer to note 1(e) for the revised accounting policy applied within the Group.

The Group has elected to early adopt IFRS 16 earlier than required as permitted by the IASB.

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 October 2018. This is disclosed in note 2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

1 Summary of significant accounting policies continued

(v)Going concern

As in previous years the Group has continued to utilise its cash resources to fund losses whilst the sales pipeline is being established. The cash balance as at 30 September 2019 was £7.9m which will provide the Group with sufficient resources to meets its liquidity requirements for the next 18 months, based on its current forecast of sales growth and cost efficiencies.

The Group is actively seeking new business opportunities and progressing discussions with its existing Partners. As at year end, the extension of current revenue contracts and the timing of new revenue contracts remains uncertain. However, the discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is also proactively restructuring the business to align itself with the evolved sales model which will result in a reduction of the cost base over the next 12 months as well as operational efficiencies. The revenue growth and reduction in the cost base will ensure that there is sufficient liquidity for the Group's needs.

After making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver the proposed revenue growth and cost reductions, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

1(b) 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.

1(c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1(d) Foreign currency translation

(i) 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 £.

(ii) Group companies

The results and financial position of foreign operations that 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.

(iii) 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.

1(e) 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 Human Experience Management Services and associated consultancy services.

Revenue from Human Experience Management Services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the number of analytics under control.

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.

1(f) 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.

1(g) 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:

Right-of-use assets	Over the term of the lease
Leasehold improvements	5 years straight-line
Fixtures, fittings and equipment	5 years straight-line
Computer equipment	3 years straight-line

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

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

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

1(h) 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.

1 Summary of significant accounting policies continued

(i) 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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of twelve months before 30 September 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

1(i) 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.

1(j) Leases
As explained in note 2, the Group has changed its accounting policy for leases where the Group is a lessee. The new policy is described in note 12 and the impact of the change in note 2.

Until 30 September 2018 and prior to the adoption of IFRS16 leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (see note 20). Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

1(k) 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.

1(l) Employee benefits
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulative sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within other creditors in the Consolidated Statement of Financial Position.

(ii) Post-employment obligations
The Group operates a defined contribution pension plan. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(iii) 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 Change in accounting policies
This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

As indicated in note 1(j) above, the Group has adopted IFRS 16 Leases retrospectively from 1 October 2018 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2018. The new accounting policies are disclosed in note 12.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principal of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2018. The lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2018 was 3.5%.

(i) Practical expedients applied
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2018 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 Change in accounting policies continued

(ii) Measurement of lease liabilities

	2019 £
Operating lease commitments at 30 September 2018	432,516
Adjustment to reflect the extension to the lease term	783,229
Discounted using the incremental borrowing rate at the date of initial application	(133,080)
Less: short-term leases not recognised as a liability	(5,095)
Lease liability recognised as at 1 October 2018	**1,077,570**
Of which are:	
Current lease liabilities	103,943
Non-current lease liabilities	973,627
Lease liability recognised as at 1 October 2018	**1,077,570**

* In the year ended 30 September 2018, the Group calculated operating lease commitments on the basis that it would terminate the lease on the break clause in 2021. On implementing IFRS 16, it has now been assumed that the Group will not terminate the lease at the break clause but will remain in the lease for the full lease term.

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

(iv) Adjustments recognised in the balance sheet on 1 October 2018

The change in accounting policy affected the following items in the balance sheet on 1 October 2018:

- right-of-use assets – increase by £1,006,186
- lease liabilities – increase by £1,077,570
- accruals – decrease by £16,163

The net impact on retained earnings on 1 October 2018 was a decrease of £55,221.
We have not restated the comparative disclosures for the impact of IFRS16 which came into effect from 1 October 2018.

3 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 £1,000,062 (2018: £878,378). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £333,354 (2018: £285,353).

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.

4 Financial risk management

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

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

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 2018 and 30 September 2019.

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.

(i) 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, two institutions with an A+ credit rating and one with a BBB- credit rating (long term, as assessed by Fitch). The amounts of cash held on deposit with those banks at each reporting date can be seen in note 15. 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 2019, the Group's trade receivables balance was £425,636 (30 September 2018: £418,904). 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.

(ii) 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 2019, the Group had £7,876,634 (30 September 2018: £10,776,516) of cash and cash equivalents.

4 Financial risk management continued

(iii) 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.

(iv) 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 retained earnings totalling at 30 September 2019: £10,005,469 (30 September 2018: £13,113,849).

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.

5 Revenue

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 Human Experience Management 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 2019 the Group had two customers who generated more than 10% of total revenue. These customers generated 79% and 17% of revenue respectively.

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.

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

	2019 **£**	2018 £
United Kingdom	**396,300**	179,071
United States of America	**1,537,782**	897,392
	1,934,082	1,076,463

6 Operating Loss

	Note	2019 £	2018 £
Loss from operations is stated after charging/(crediting) to administrative expenses:			
Depreciation on property, plant and equipment	11	**125,136**	138,422
Depreciation of right-of-use assets	12	**111,788**	–
Amortisation of intangible assets	13	**982,808**	844,898
Loss on disposal of property, plant and equipment		**–**	522
Operating lease rentals – land and buildings		**–**	239,380
Employee costs	7	**5,133,281**	5,477,969
Foreign exchange losses/gains		**(77,259)**	(44,052)
Auditors' remuneration:			
– Audit of these financial statements		**43,000**	33,000
Total auditors' remuneration		**43,000**	33,000

7 Employee costs

	2019 Number	2018 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Directors	**7**	7
Sales and support	**43**	44
Software development	**33**	33
Administration	**10**	9
	93	93

	2019 £	2018 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**5,401,892**	5,660,258
Social security costs	**585,336**	599,447
Other pension costs	**258,900**	198,715
Share-based expense (note 21)	**83,199**	177,413
	6,329,327	6,635,833
Directors' remuneration comprised:		
Emoluments for qualifying services	**572,609**	576,429

Directors' emoluments disclosed above include £154,211 paid to the highest paid Director (2018: £150,000); this Director did not exercise any share options in the year and no options are due under incentive plans.

The Remuneration Report on pages 47 and 48 detail Directors' interests in share options.

Included within total employee costs of £6,329,327 (2018: £6,635,833) is £1,196,046 (2018: £1,157,864) which has been capitalised within development costs in accordance with IAS 38 (see note 13). The remaining £5,133,281 (2018: £5,477,969) has been expensed in the Consolidated Statement of Comprehensive Income.

8 Finance income and expense

Finance income	2019 £	2018 £
Bank interest receivable	**54,235**	89,061
Finance expense		
Interest payable for lease liabilities	**34,687**	–
Net finance income	**19,548**	89,061

9 Tax

Tax on loss

	2019 £	2018 £
Current tax:		
UK Corporation tax on losses of the year	**(296,866)**	(271,759)
Prior year adjustment	**(30,911)**	104,227
Overseas taxes	**12,370**	97,153
Deferred tax:		
Origination and reversal of timing differences	**(12,546)**	(10,881)
Total tax credit	**(327,953)**	(81,260)

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:

	2019 £	2018 £
Loss before tax	**(6,239,903)**	(7,293,056)
Tax at the UK corporate tax of 19.00% (2018: 19.50%)	**(1,185,582)**	(1,422,146)
Effects of:		
Expenses not deductible for tax purposes	**231,498**	216,657
Unrecognised deferred tax asset on losses	**1,010,552**	1,409,086
Tax relief in respect of exercise of share options	**–**	(52,048)
Research and development enhancement in respect of the current year	**(354,985)**	(338,643)
Prior year adjustment	**(30,911)**	104,227
Change in rate of tax used to calculate deferred tax liability	**1,475**	1,607
Tax credit for the year	**(327,953)**	(81,260)

The Group has tax losses carried forward of approximately £30,355,000 (2018: £25,006,000).

The Group has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs. At 30 September 2019, the amount due from HMRC was £296,866 (2018: £735,634).

Deferred tax

Deferred tax relates to the following:

	2019 £	2018 £
Accelerated depreciation for tax purposes	**14,317**	26,863
Deferred tax liability	**14,317**	26,863

Reconciliation of deferred tax liabilities

	2019 £	2018 £
Balance at the beginning of the year	**26,863**	37,744
Credit to the Consolidated Statement of Comprehensive Income	**(12,546)**	(10,881)
Balance at the end of the year	**14,317**	26,863

Unrecognised deferred tax assets/(libilities)

The Group had unrecognised deferred tax assets/(libilities) as follows:

	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 1 October 2018				
Deferred tax asset	4,251,000	183,187	–	4,434,187
Deferred tax liability	–	–	(171,052)	(171,052)
Net unrecognised asset/(liability)	4,251,000	183,187	(171,052)	4,263,135

	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 30 September 2019				
Deferred tax asset	5,160,000	165,517	–	5,325,517
Deferred tax liability	–	–	(152,048)	(152,048)
Net unrecognised asset/(liability)	5,160,000	165,517	(152,048)	5,173,469

The Group has not recognised the net deferred tax asset in respect of tax losses 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. The Group has not recognised the net deferred tax asset of £13,469 (2018: £12,135) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

10 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.

	2019 £	2018 £
Total loss attributable to the equity holders of the parent	**(5,911,950)**	(7,211,796)
	No.	No.
Weighted average number of ordinary shares in issue during the year	**45,334,606**	44,845,951
Loss per share		
Basic and diluted on loss for the year	**(13.04)p**	(16.08)p

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

	2019	2018
Issued ordinary shares at the beginning of the year	**44,902,338**	44,761,213
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
Effect of shares issued in July 2019	**432,268**	–
Weighted average number of shares at the end of the year	**45,334,606**	44,845,951

11 Property, plant and equipment

	Leasehold improvements £	Fixtures fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 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
Additions	–	4,737	10,897	15,634
Foreign currency translation differences	–	–	302	302
At 30 September 2019	**173,909**	**86,007**	**335,921**	**595,837**
Accumulated depreciation				
At 1 October 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
Charge for the year	34,782	16,812	73,542	125,136
Foreign currency translation differences	–	–	244	244
At 30 September 2019	**117,437**	**53,206**	**284,388**	**455,031**
Net book value				
At 30 September 2019	**56,472**	**32,801**	**51,533**	**140,806**
At 30 September 2018	91,254	44,876	114,120	250,250
At 30 September 2017	126,036	57,454	167,214	350,704

12 Leases

This note provides information where the Group is a lessee.

12(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets	**2019 £**	At 1 October 2018* £
Buildings	**894,398**	1,006,186
Total	**894,398**	1,006,186

Lease liabilities	**2019 £**	At 1 October 2018* £
Current	**107,493**	103,943
Non-current	**866,134**	973,627
Total	**973,627**	1,077,570

* In the previous year, the Group did not have any finance lease liabilities or right-of-use assets. For adjustments recognised on the adoption of IFRS 16 on 1 October 2018, please refer to note 2.

12(b) Amounts recognised in the consolidated statement of comprehensive income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases

Depreciation charge for right-of-use assets	2019 £	2018 £
Buildings	111,788	–
Total	111,788	–
Interest expense (included in finance cost)	34,687	–

The total cash outflow for leases in 2019 was £138,630.

12(c) The Group's leasing activities and how these are accounted for

The Group leases an office. The lease commenced in February 2016 and has a fixed term ending September 2027. The lease agreement does not impose any covenants other than the security in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 October 2018, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate the Group has used rates obtained from its principal bankers.

The Group is exposed to potential future increases in variable lease payments based on rent reviews which are not included in the lease liability until they take effect. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

13 Intangible assets

	Development costs £
Cost	
At 1 October 2017	1,954,533
Additions	1,157,864
At 30 September 2018	3,112,397
Additions	1,196,046
At 30 September 2019	**4,308,443**
Accumulated amortisation and impairment losses	
At 1 October 2017	688,272
Charge for the year	844,898
At 30 September 2018	1,533,170
Charge for the year	982,808
At 30 September 2019	**2,515,978**
Net book value	
At 30 September 2019	**1,792,465**
At 30 September 2018	1,579,227
At 30 September 2017	1,266,261

Amortisation and impairment charge

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

14 Trade and other receivables

	2019 £	2018 £
Trade receivables	**425,636**	418,904
Other receivables	**67,380**	66,669
Loan to Employee Benefit Trust	**46,849**	73,950
Prepayments and accrued income	**141,805**	125,055
	681,670	684,578

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 2019 or 2018. The credit quality of those trade receivables not past due and not impaired is considered good. The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Board considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on credit risk management policies, refer to note 4(i).

15 Cash and cash equivalents

Bank credit rating:	**2019 £**	2018 £
A+	**3,754,036**	2,564,438
BBB+	**–**	4,123,384
BBB-	**4,122,598**	4,088,694
Cash and cash equivalents	**7,876,634**	10,776,516

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 2019 and 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:

	2019 £	2018 £
Denominated in UK sterling	7,015,209	10,359,870
Denominated in US dollars	861,425	416,646
Cash and cash equivalents	7,876,634	10,776,516

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 4.

16 Trade and other payables

	2019 £	2018 £
Trade payables	176,648	104,571
Other tax and social security	136,374	147,521
Other creditors	48,042	73,365
Accruals	296,260	489,207
Deferred income	32,102	70,829
	689,426	885,493

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.

17 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:

	2019 £	2018 £
Due within three months		
Cash and cash equivalents	7,876,634	10,776,516
Trade receivables	425,636	418,904
Other receivables	26,832	49,490
	8,329,102	11,244,910

17 Financial instruments continued

Financial liabilities

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

	2019 £	2018 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	176,648	104,571
Lease liabilities	107,493	–
Other payables	376,404	633,401
Total due within one year	660,545	737,972
Due after more than one year		
Lease liabilities	866,134	–
Total due within after more than year	866,134	–
Total financial liabilities	1,526,679	737,972

18 Equity

18(a) Share capital and share premium

	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares				
Fully paid	47,124,561	44,902,338	34,800,651	32,017,818
Total share capital and share premium	47,124,561	44,902,338	34,800,651	32,017,818

Movements in Ordinary Shares

	Number of Shares	Share Capital £	Share premium £	Total £
Details				
Opening balance at 1 October 2017	44,761,213	89,522	31,808,130	31,897,652
Employee share scheme issues	141,125	283	119,883	120,166
Balance at 30 September 2018	44,902,338	89,805	31,928,013	32,017,818
Placing of shares	2,222,223	4,444	2,995,557	3,000,001
	47,124,561	94,249	34,923,570	35,017,819
Less: transaction costs arising on share issues	–	–	(217,168)	(217,168)
Balance at 30 September 2019	47,124,561	94,249	34,706,402	34,800,651

Ordinary shares have a par value of 0.2p. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

As permitted by the provisions of the Companies Act 2006, the Company does not have a limited amount of authorised share capital.

18(b) Accumulated losses

The movement in accumulated losses is as follows:

	2019* £	2018 £
Balance at 1 October	(18,959,190)	(11,839,635)
Loss for the year	(5,911,950)	(7,211,796)
Items of other comprehensive expense recognised directly in accumulated losses	(7,241)	(29,951)
Shared-based payment charge	83,199	177,413
Balance at 30 September	(24,795,182)	(18,903,969)

* The amounts disclosed at 1 October 2018 are after the restatement for the change in accounting policy set out in note 2.

19 Cash flow information

Net funds reconciliation

This section sets out an analysis of net funds and the movement in net funds for each of the periods presented.

	2019 £	2018 £
Net funds		
Cash and cash equivalents	**7,876,634**	10,776,516
Lease liabilities	**(973,627)**	–
Net funds	**6,903,007**	10,776,516
Cash and cash equivalents	**7,876,634**	10,776,516
Gross debt – variable interest rates	**(973,627)**	–
Net funds	**6,903,007**	10,776,516

	Leases £	Cash £	Total £
Net funds at 1 October 2017	–	13,209,850	13,209,850
Cash flows	–	(2,438,333)	(2,438,333)
Foreign exchange adjustments	–	4,999	4,999
Net funds at 30 September 2018	–	**10,776,516**	**10,776,516**
Recognised on adoption of IFRS 16	(1,077,570)	–	(1,077,570)
Net funds at 1 October 2018	**(1,077,570)**	**10,776,516**	**9,698,946**
Cash flows	**138,630**	**(2,904,232)**	**(2,765,602)**
Foreign exchange adjustments	**–**	**4,350**	**4,350**
Other changes	**(34,687)**	**–**	**(34,687)**
Net funds at 30 September 2019	**(973,627)**	**7,876,634**	**6,903,007**

Other changes include non-cash movements include interest expenses arising on lease liabilities.

20 Commitments

20(a) Capital commitments

The Group had no capital commitments at 30 September 2019 (2018: none).

20(b) Non-cancellable operating leases

The Group leases offices under non-cancellable operating leases expiring within eight years.

From 1 October 2018, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. See notes 2 and 12 for further information.

	2019 £	2018 £
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**–**	208,861
Later than one year but not later than five years	**–**	223,655
	–	432,516

Rental expense relating to operating leases

	2019 £	2018 £
Minimum lease payments	**–**	138,630

21 Share-based payments

Share options

The Company has a share option plan under which it grants options over ordinary shares to certain employees. Options are exercisable at a price equal to the estimated market price of the Company's shares on the date of the grant. The vesting period for shares is usually four years. The options are settled in equity once exercised. If the options remain unexercised for a period after ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the 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				
	EMI options	Unapproved options	CSOP options	Total	Weighted average exercise price per share (pence)
At 1 October 2017	1,850,925	525,000	–	2,375,925	152.82
Granted in the year	147,500	–	157,500	305,000	283.43
Exercised in the year	(86,125)	(55,000)	–	(141,125)	(85.15)
Forfeited in the year	(74,000)	(110,000)	(20,000)	(204,000)	(249.01)
At 30 September 2018	1,838,300	360,000	137,500	2,335,800	164.29
Granted in the year	**72,500**	**–**	**172,500**	**245,000**	**192.50**
Forfeited in the year	**(82,500)**	**(50,000)**	**(42,500)**	**(175,000)**	**233.70**
At 30 September 2019	**1,828,300**	**310,000**	**267,500**	**2,405,800**	**163.09**

There were 1,806,925 share options outstanding at 30 September 2019 (30 September 2018: 1,630,216), 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 2019.

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 5.46 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	3	130,000	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	1	30,000	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	3	90,000	Time served	277.500	16/11/2016	07/03/2026
26/05/2016	5	85,000	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	11	62,500	Time served	270.000	31/10/2017	31/10/2027
18/01/2018	18	108,500	Time served	299.000	03/04/2018	18/01/2028
04/06/2018	3	15,000	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
04/10/2018	9	52,500	Time served	270.000	11/06/2019	04/10/2028
15/01/2019	3	20,000	Time served	210.000	06/11/2019	15/01/2029
17/05/2019	13	95,000	Time served	185.000	17/05/2019	17/05/2029
07/08/2019	5	67,500	Time served	135.000	04/10/2019	07/08/2029
Outstanding		2,405,800				

Share options 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 4 October 2018	**Granted on 15 January 2019**	**Granted on 17 May 2019**	**Granted on 7 August 2019**
Dividend yield	0%	**0%**	**0%**	**0%**
Expected volatility	18.5%	**19.7%**	**19.5%**	**20.8%**
Risk-free interest rate (%)	1.50%	**1.50%**	**1.50%**	**1.50%**
Life of options (years)	10	**10**	**10**	**10**
Weighted average exercise price (pence)	270.0p	**210.0p**	**185.0p**	**135.0p**
Weighted average share price (pence)	270.0p	**210.0p**	**185.0p**	**135.0p**

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 £83,199 (2018: £177,413) in the Consolidated Statement of Comprehensive Income in respect of equity settled share-based payment transactions in the year.

22 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:

	2019 £	2018 £
Executive Directors – aggregate		
Short-term employment benefits*	**439,182**	451,429
Non-executive Directors – aggregate		
Short-term employment benefits*	**133,426**	125,000
Total	**572,608**	576,429

* In addition, certain Directors hold share options in the Company for which a fair value share-based charge of £3,384 has been recognised in the Consolidated Statement of Comprehensive Income (2018: £14,358).

Amounts outstanding to key personnel

As at 30 September 2019, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2018: £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 2019 £**	**Amounts invoiced by related party 2019 £**	Amounts invoiced to related party 2018 £	Amounts invoiced by related party 2018 £
IP Group plc (see note below)				
Purchases – Non-executive Director fees	**–**	**26,383**	–	25,000
	–	**26.383**	–	25,000

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

There were no amounts outstanding due from or to the related parties at 30 September 2019.

During the year ended 30 September 2019, 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 2019

	Share capital £	Share premium £	Accumulated losses £	Total equity £
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
At 30 September 2018 – as previously presented	89,805	31,928,013	(19,108,728)	12,909,090
Change in accounting policy	–	–	(55,221)	(55,221)
Restated total equity at 1 October 2018	89,805	31,928,013	(19,163,949)	12,853,869
Loss and total comprehensive expense for the year	**–**	**–**	**(5,995,642)**	**(5,995,642)**
Issue of shares	**4,444**	**2,995,557**	**–**	**3,000,001**
Expenses of share issues	**–**	**(217,168)**	**–**	**(217,168)**
Share-based payment expense	**–**	**–**	**97,165**	**97,165**
Share-based payment credit in respect of services provided to subsidiary undertaking	**–**	**–**	**(13,966)**	**(13,966)**
At 30 September 2019	**94,249**	**34,706,402**	**(25,076,392)**	**9,724,259**

COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 September 2019

	Note	2019 £	2018 £
ASSETS			
Non-current assets			
Property, plant and equipment	C3	**140,691**	249,270
Right-of-use assets	12	**894,398**	–
Intangible assets	13	**1,792,465**	1,579,227
Investments	C4	**100,234**	114,201
TOTAL NON-CURRENT ASSETS		**2,927,788**	1,942,698
Current assets			
Trade and other receivables	C5	**673,914**	677,435
Income tax receivable	C10	**296,866**	735,634
Cash and cash equivalents	C6	**7,801,487**	10,702,764
TOTAL CURRENT ASSETS		**8,772,267**	12,115,833
TOTAL ASSETS		**11,700,055**	14,058,531
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	**(866,134)**	–
Deferred tax	C10	**(14,317)**	(26,863)
TOTAL NON-CURRENT LIABILITIES		**(880,451)**	(26,863)
Current liabilities			
Trade and other payables	C7	**(987,852)**	(1,122,578)
Lease liabilities	12	**(107,493)**	–
TOTAL CURRENT LIABILITIES		**(1,095,345)**	(1,122,578)
TOTAL LIABILITIES		**(1,975,796)**	(1,149,441)
NET ASSETS		**9,724,259**	12,909,090
EQUITY			
Share capital	18	**94,249**	89,805
Share premium	18	**34,706,402**	31,928,013
At 1 October		**(19,108,728)**	(11,980,131)
Loss for the year		**(5,995,642)**	(7,306,010)
Other changes in accumulated losses		**27,978**	177,413
ACCUMULATED LOSSES	C8	**(25,076,392)**	(19,108,728)
TOTAL EQUITY		**9,724,259**	12,909,090

Approved by the Board of Directors and authorised for issue on 22 January 2020.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 September 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss before tax	**(6,335,965)**	(7,484,423)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**124,191**	136,660
Depreciation of right-to-use assets	**111,788**	–
Amortisation of intangible assets	**982,808**	844,898
Loss on sale of property, plant and equipment	**–**	417
Share-based payment charge	**97,165**	202,268
Finance income	**(54,130)**	(89,019)
Finance expense	**34,687**	–
Operating cash outflow before changes in working capital	**(5,039,456)**	(6,389,199)
Movement in trade and other receivables	**(23,580)**	(195,760)
Movement in trade and other payables	**(118,562)**	257,131
Cash flows used in operations	**(5,181,598)**	(6,327,828)
Tax received	**766,545**	–
Net cash flows used in operating activities	**(4,415,053)**	(6,327,828)
Cash flows from investing activities		
Development of intangible assets	**(1,196,046)**	(1,157,864)
Purchases of property, plant and equipment	**(15,612)**	(38,287)
Transfers to term deposits with more than three months maturity	**–**	5,000,000
Finance income	**54,130**	89,019
Net cash (outflow)/inflow from investing activities	**(1,157,528)**	3,892,868
Cash flows from financing activities		
Proceeds from issue of share capital, net of costs	**2,782,833**	120,166
Principal element of lease payments	**(138,630)**	–
Inflow/outflow to Employee Benefit Trust	**27,101**	(18,000)
Net cash inflow from financing activities	**2,671,304**	102,166
Decrease in cash and cash equivalents	**(2,901,277)**	(2,332,794)
Cash and cash equivalents at start of year	**10,702,764**	13,035,558
Cash and cash equivalents at end of year	**7,801,487**	10,702,764

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 30 September 2019

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 comprehensive income. The parent company's result for the year ended 30 September 2019 was a loss of £5,995,642 (2018: loss of £7,306,010).

The audit fee for the Company is set out in note 6 of the Group's financial statements.

C3. Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 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
Additions	–	4,737	10,875	15,612
At 30 September 2019	**173,909**	**86,007**	**330,113**	**590,029**
Accumulated depreciation				
At 1 October 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
Charge for the year	34,782	16,812	72,597	124,191
At 30 September 2019	**117,437**	**53,206**	**278,695**	**449,338**
Net book value				
At 30 September 2019	**56,472**	**32,801**	**51,418**	**140,691**
At 30 September 2018	91,254	44,876	113,140	249,270
At 30 September 2017	126,036	57,454	164,570	348,060

C4. Investments
At 30 September 2019, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued capital and voting rights 2019
Actual Experience Inc 251 Little Falls Drive, Wilmington, Delaware, Newcastle, USA, 19808	Sales and marketing services	**100%**

Cost	£
At 1 October 2017	139,056
Disposals	(24,855)
At 30 September 2018	114,201
Disposals	(13,967)
At 30 September 2019	100,234
Impairment	
At 1 October 2017, 30 September 2018 and 30 September 2019	–
Carrying value at 30 September 2019	**100,234**
Carrying value at 30 September 2018	114,201
Carrying value at 30 September 2017	139,056

Movements in the year arise from adjustments for share-based payment charges for the Group's subsidiary undertaking which are accounted for as capital contributions.

C5. Trade and other receivables

	2019 £	2018 £
Trade receivables	**425,636**	418,904
Other receivables	**67,380**	66,669
Loan to Employee Benefit Trust	**46,849**	73,950
Prepayments and accrued income	**134,049**	117,912
	673,914	677,435

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 4(i).

C6. Cash and cash equivalents

Bank credit rating:	2019 £	2018 £
A+	**3,678,889**	2,564,438
BBB+	**–**	4,049,632
BBB-	**4,122,598**	4,088,694
Cash and cash equivalents	**7,801,487**	10,702,764

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 2019 and 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:

	2019 £	2018 £
Denominated in UK sterling	**7,015,209**	10,359,870
Denominated in US dollars	**786,278**	342,894
Cash and cash equivalents	**7,801,487**	10,702,764

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 4(i).

C7. Trade and other payables

	2019 £	2018 £
Trade payables	**164,046**	93,947
Other tax and social security	**136,374**	147,521
Other creditors	**44,121**	65,170
Amounts due to subsidiary undertakings	**315,656**	361,552
Accruals and deferred income	**327,655**	454,388
	987,852	1,122,578

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

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

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

C8. Accumulated losses

	Accumulated losses £
At 1 October 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)
Change of accounting policy for IFRS 16	(55,221)
At 1 October 2018	**19,163,949)**
Loss for the year	**(5,995,642)**
Share-based payment charge	**97,165**
Share-based payment credit in respect of services provided to subsidiary undertaking	**(13,966)**
At 30 September 2019	**(25,076,392)**

C9. Employee costs

	2019 Number	2018 Number
The average monthly number of persons (including Directors) employed by the Company during the year was		
Directors	**6**	6
Sales and support	**41**	41
Software development	**33**	33
Administration	**10**	9
	90	89

	2019 £	2018 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**4,885,948**	4,952,425
Social security costs	**576,620**	579,907
Other pension costs	**252,793**	184,913
Share-based expense (note 21)	**97,165**	202,268
	5,812,526	5,919,513
Directors' remuneration comprised:		
Emoluments for qualifying services	**539,183**	551,429

Directors' emoluments disclosed above include £154,211 paid to the highest paid director (2018: £157,652); this Director did not exercise any share options in the year and no options are due under incentive plans.

The Directors' remuneration report on pages 47 and 48 details the Directors' interests in share options.

Included within total employee cost of £5,812,526 (2018: £5,916,513) is £1,196,046 (2018: £1,157,864) which has been capitalised within development costs in accordance with IAS 38 (see note 11). The remaining £4,616,480 (2018: £4,758,649) has been expensed in the Consolidated Statement of Comprehensive Income.

C10. Taxation

Deferred tax

Deferred tax relates to the following:

	2019 £	2018 £
Accelerated depreciation for tax purposes	14,317	26,863
Deferred tax liability	14,317	26,863

Reconciliation of deferred tax liabilities

	2019 £	2018 £
Balance at the beginning of the year	26,863	37,744
Credit to the Consolidated Statement of Comprehensive Income	(12,546)	(10,881)
Balance at the end of the year	14,317	26,863

Unrecognised deferred tax assets/(liabilities)
The company had unrecognised deferred tax assets/(liabilities) as follows:

	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 1 October 2018				
Deferred tax asset	4,251,000	183,187	–	4,434,187
Deferred tax liability	–	–	(171,052)	(171,052)
Net unrecognised asset/(liability)	4,251,000	183,187	(171,052)	4,263,135

	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 30 September 2019				
Deferred tax asset	5,160,000	165,517	–	5,325,517
Deferred tax liability	–	–	(152,048)	(152,048)
Net unrecognised asset/(liability)	5,160,000	165,517	(152,048)	5,173,469

The Company has not recognised the net deferred tax asset in respect of tax losses in the Statement of Financial Position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Company has not recognised the net deferred tax asset of £13,469 (2018: £12,135) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

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. At 30 September 2019 an amount of £296,866 was due from HMRC (2018: £735,634).

C11. Related party transactions

Details of external related party transactions are set out in note 22. The Company has entered into transactions with its wholly-owned subsidiary undertaking, Actual Experience Inc during the year. The Company incurred costs of £827,798 charged by Actual Experience Inc. during the year (2018: £1,198,408). At 30 September 2019, an amount of £315,656 was due to the subsidiary company (30 September 2018: £361,552 due to the subsidiary company).

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Actual Experience plc (**the Company**) will be held at the offices of Osborne Clarke, 1 London Wall, London EC2Y 5EB at 11:30am on Thursday 12 March 2020 for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's Annual Financial Statements, Strategic Report and Directors' and auditors' reports for the year ended 30 September 2019.

2. To re-elect Stephen Davidson as a Director.

3. To re-elect Dave Page as a Director.

4. To re-elect Steve Bennetts as a Director.

5. To re-elect Robin Young as a Director.

6. To re-elect Sir Bryan Carsberg as a Director.

7. To re-elect Paul Spence as a Director.

8. To appoint Kirsten English who has been appointed by the Board since the previous Annual General Meeting.

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

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

11. 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 £31,581 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:

12. That, subject to the passing of resolution 11 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 11 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

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

    12.1.1 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

    12.1.2 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

    12.2 the allotment of equity securities otherwise than pursuant to paragraph 12.1 of this resolution) up to an aggregate nominal amount of £9,474, 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
22 January 2020

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 10 March 2020 (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

A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at www.signalshares.com. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

2. You will not receive a proxy card in the post. 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. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars. not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:

   - cast your vote
   - change your dividend payment instruction
   - update your address
   - select your communication preference.

3. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. 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 not less than 48 hours before the time of the meeting.

   If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Asset Services by email at enquiries@linkgroup.co.uk , or you may call Link on 0871 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

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 10 March 2020 (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.

Biographical details of Directors

7. Biographical details of all those Directors who are offering themselves for reappointment at the meeting are set out on pages 38 and 39 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.

CRM – Customer relationship management

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.

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

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.

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

MSA – Master Services Agreement

POC – Proof of concept

PO – Purchase order

Actual Experience plc
Quay House, The Ambury, Bath, BA1 1UA

www.actual-experience.com