Annual Report & Accounts 2017

loopup

We remain focused on helping our customers have a fundamentally better experience on their important, day-to-day remote meetings.

Meet better. Meet LoopUp.

Strong, efficient growth

Financial highlights

Adjusted* revenue growth

36%

FY2016: 39%

Adjusted* gross margin growth

220BPS

FY2016: 250BPS

Adjusted* EBITDA growth

161%

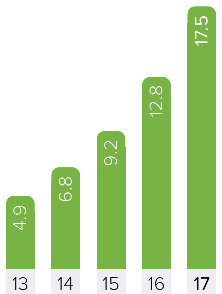
FY2016: 1015%

Net cash

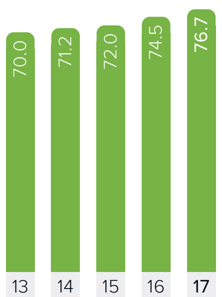
£2.9m

FY2016: £2.2m

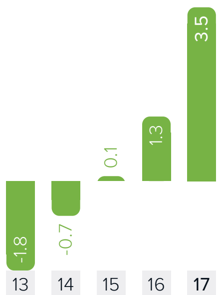
Adjusted* revenue (£m)(1)



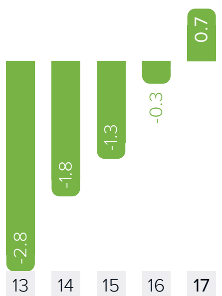
Adjusted* Gross margins (%)(2)



Adjusted* EBITDA (£m)(3)



Adjusted* operating profit (£m)(4)



* Adjusted to exclude discontinued technology licensing (BT) line of business (since November 2016).

1. Total 2017 revenue £17.5m (2016: £13.6m)
2. Total 2017 gross margin 76.7% (2016: 75.9%)
3. Total 2017 EBITDA £3.5m (2016: £2.0m)
4. Total 2017 operating profit £0.7m (2016: £0.4m)

Business economics KPIs

Net negative churn

5.3%

FY2016: 8.3%

LoopUp experienced negative net churn – i.e. net growth – in our established base of customers that are at least one year old. Negative net churn is the combination of our 5% gross revenue loss rate with our 'upsell' rate of approximately 10% in retained customers.

New ARR per Pod

£472k

FY2016: £509k

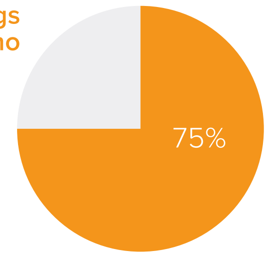
Pods are LoopUp's business acquisition teams (for more, see: Our Pods). In 2017, LoopUp had an average of eight Pods. Each Pod cost £483k on a fully loaded basis (FY2016: £490k) and delivered £472k in new annual recurring revenue (ARR), which while maintained, implies a circa 20-year expected lifetime over which this revenue would recur.

Product KPIs

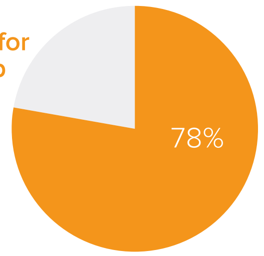
LoopUp's streamlined and intuitive design ensures that people actually use its carefully selected features, without the need for any training.

Our users are now no longer dialling in to their remote meetings 75% of the time, and 78% are leveraging LoopUp for Outlook, our Microsoft Outlook® add-in, and/or the LoopUp mobile app.

Percentage of meetings where LoopUp users no longer dial in



Percentage of LoopUp users utilising LoopUp for Outlook and/or LoopUp for iOS or Android



Source: 2016 and 2017 new user cohorts.

Fixing the fundamental problems of remote meetings

Conference calls have become an important facet of everyday business, now accounting for 50%[1] of all voice communication. And yet after 30 years of innovation, nearly 70% of enterprise users are still dialling in with phone numbers and access codes[2]. They're not using any software at all for a better experience.

The time-wasting frustrations of dial-in are all too familiar: "That access code isn't recognised." "Who just joined?" "Who is it with all the background noise?" Not to mention the security connotations. Research shows that people waste an average of 15 minutes on a typical conference call getting things started or dealing with distractions throughout. That equates to more than £26bn of time wasted[3] in the UK and US alone.

So why does dial-in prevail? Certainly, it's not because dial-in provides a better experience. The answer lies in the way people tend to adopt software. For most, this is a process of trial and error over time. As host of a remote meeting, however, you're live in the 'hot seat' with multiple guests. The situation simply isn't conducive to trial-and-error-based learning. The last thing you want is for anything to go wrong.

Dial-in may well be a poor experience, but it's the safe bet. Plenty of feature-rich software products have tried to drag conferencing out of the 'dark ages'. And they've had some success with tech-savvy early adopters and specialist user groups, such as IT and Training teams.

But, none have 'crossed the chasm' into the majority of professionals who are intimidated rather than impressed by their bells and whistles. As a result, most users continue to play it safe, trudging on with the poorer experience of dial-in. IT decision-makers remain frustrated as well, paying for software licences that go unused.

15
minutes wasted
(out of 38-minute average conference call)

50%
of conference callers consider it the norm not to know who is on their conference calls

1. Wainhouse Research survey of IT decision makers and end users, 2017.
2. Sapio Research survey to 1,000 frequent conference callers, commissioned by LoopUp, 2017. Users are deemed 'enterprise' in companies with >1,000 employees (n = 520)
3. Estimate derived from overlaying data from Office of National Statistics and Bureau of Labor Statics.

Giving the everyday user a premium meetings experience

Rather than trying to wow early adopters with a myriad of features, LoopUp takes a minimalist and prescriptive approach to its product strategy and design.

LoopUp is a premium remote meetings solution specifically designed for the majority of professionals – the risk-averse mainstream, who need something that just works. We think this is essential if you're to entice the 70% away from dial-in.

LoopUp doesn't overwhelm users with features and believes 'less is more' when it comes to remote meetings. Our minimalist interface is designed to guide users through an intuitive experience, with no training required. We focus on delivering a reliable, high quality experience on every call, in terms of both audio quality and visual context.

Our users are now foregoing dial-in 75%[1] of the time. Instead, LoopUp calls out to them on a phone of their choice and then naturally guides them to a helpful visual interface where they can see 'who just joined' and 'who's speaking.' Whether you're creating a first impression, negotiating a deal, or connecting with colleagues, LoopUp keeps you focused on the business at hand, not the meeting.

LoopUp is a software-as-a-service product offered on both pay-as-you-go (PAYG) and monthly subscription licence basis. LoopUp targets mid-to-large enterprises across a broad variety of industries, as well as SMEs in professional services sectors including law, banking, private equity, consulting and PR.

Our online fulfilment capability also allows interested parties to sign up for a free trial and ongoing payment by credit card via our corporate website. Our customers predominantly favour PAYG, as do we.

An exceptional experience
Streamlined and intuitive, no training required

For the enterprise
Quality, security, and reliability come first

That works where you work
Easily integrates with everyday collaboration tools

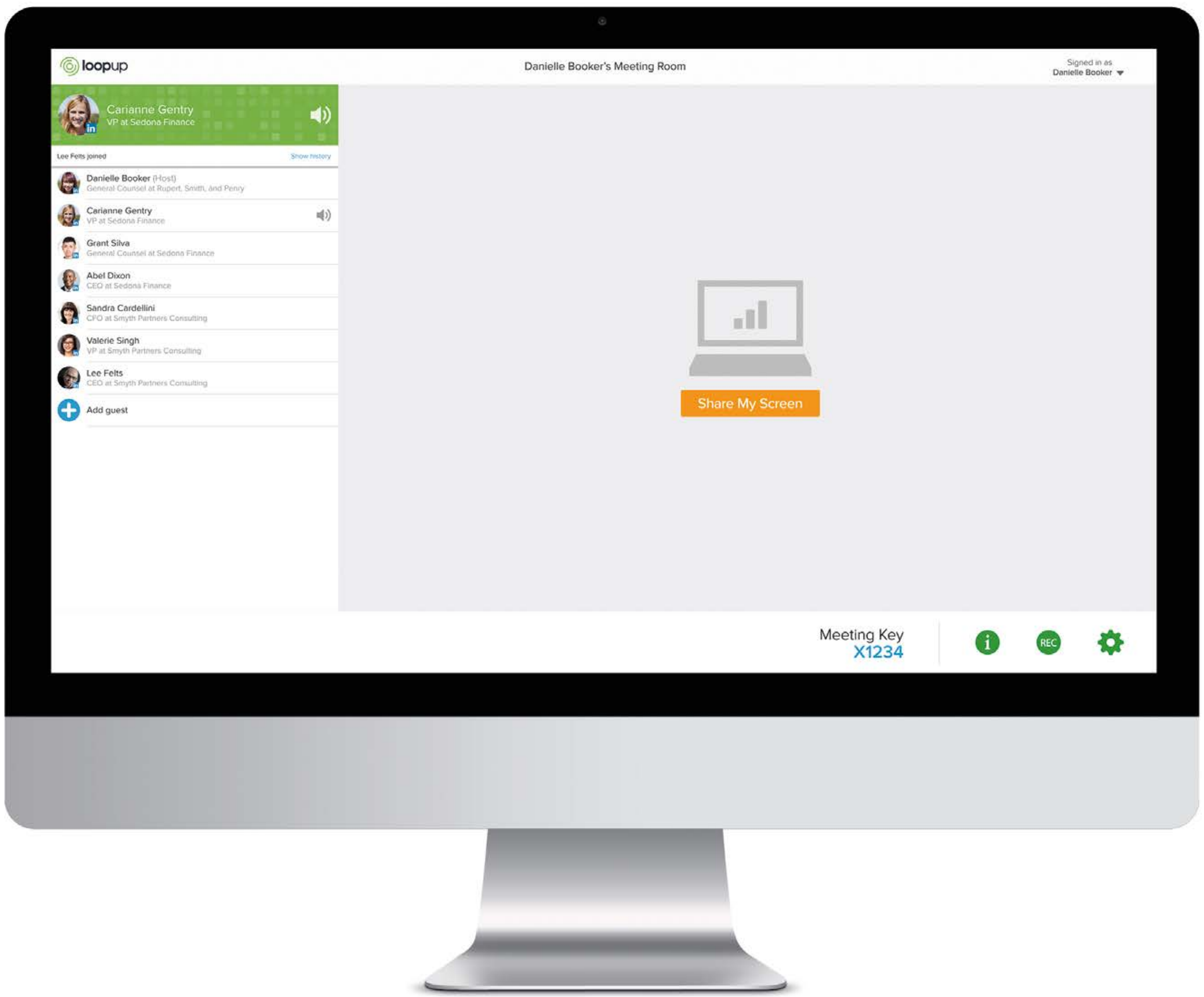
1. Based on new LoopUp users provisioned during both FY2016 and FY2017.

“LoopUp was an obvious choice for us for a number of reasons, most importantly, we’re getting a better product for the price. It’s simple to use, and the visual interface is clean and user-friendly.

Hilary Grieve
Corporate Administration Manager,
Kia Motors America

“LoopUp has done to conferencing what Nest did to thermostats. It’s conferencing reimagined – exactly how you want it to be, without knowing what you wanted.

Robin Murray
Partner, Adams Street Partners Inc.



“LoopUp has far exceeded my expectations, a global service that is convenient, quick and intuitive, this has made conferencing a whole lot easier for all users.

Ian Stewart
Telecommunications Specialist,
Travelex

“LoopUp has changed our organisation’s mind on conference calls. It is simple to use yet slick, stable with fantastic customer service.

Michael Walsh
Global Markets COO,
Allied World Assurance

Our innovative Pod structure

LoopUp 'Pods' structure is central to the way in which we conduct our new business acquisition activities. Each Pod is comprised of a six-person team, working as one unit toward a common goal: three business development associates, two sales executives, and one account management executive.

They work to shared processes and metrics and are incentivised solely as a team on the basis of new recurring revenue brought into the business. Pod members are recruited exclusively with no prior sales experience and are trained intensively to LoopUp methods and promoted up through the team as they perform.

Unlike traditional commercial structures, the Pod make-up promotes efficiency between business development, sales and account management activities.

It drives a collaborative 'best foot forward' culture and is also relatively self-policing. Pods are highly scalable and, along with our product differentiation, underpin our consistency and predictable growth.

Pod responsibilities
Appointment setting for customer meetings; prospect research, vetting and follow-up.

Pod responsibilities
Product demonstrations, understanding key challenges and initiatives for potential buyers, negotiations, order form completions.

Pod responsibilities
Client on-boarding, customer relationship management; referrals; optimising product adoption and usage.

The DNA of LoopUp

LoopUp is headquartered in London, with offices in San Francisco, New York, Boston, Sydney, Hong Kong and Barbados. We have regional round-the-clock customer support teams and data centres in Europe, North America and Asia-Pacific.

For more than 15 years, we have been working to ease the common frustrations of the everyday dial-in conference call.

In the world of remote meetings, adding value usually means slashing prices or introducing a laundry list of specialist features. At LoopUp, it means delivering an experience that exceeds expectations and that you can count on without fail.

And, we look to deliver this experience throughout every aspect of our service, in every department, across every region.

We are a team of self-starting individuals, who strive to make a positive impact on the everyday business that the majority of users conduct. Most of our staff join as graduates, entering both commercial and technical roles. While some people will move up in the classic sales role, others move on to become account managers and helping to rollout LoopUp once a sale is closed, and some move into operations roles.

Andrew Birch

Sr. Director, Global Sales
London
Eight years

Andrew joined LoopUp as a Business Development Associate in September 2010, a new graduate from university. He quickly progressed through the pod structure into Sales Executive, then Pod Lead, where he coordinated all aspects of the sales process from initial prospect contact to new customer on-boarding. He now oversees sales operations in both the UK and Australia Pods, out of the company's London headquarters.

He has also taken on a mentorship role as global lead for sales training standards, ensuring consistency across teams in all of the LoopUp regional offices.

"LoopUp has been a great place of growth for me on both a professional and personal level. They truly invest in individuals and have helped me develop not just an employee, but also as a team leader and mentor. I'm excited for what's on the horizon.

Andrew Birch

Continued, strong and efficient growth

We are pleased to report another period of robust business performance during financial year 2017, maintaining our track record of consistently strong and efficient revenue growth.

On a constant currency basis, LoopUp Revenue (excluding the discontinued BT technology licensing revenues of £0.7m in FY2016) grew by 33.5% in FY2017, compared to 31% in each of FY2016 and FY2015. Like-for-like gross margin improved by 220 basis points to 76.7%, and profitability has developed well further down the P&L, with LoopUp EBITDA growing by 161% to £3.5m, and diluted EPS growing by 722% to 4.4 pence.

Our performance continues to be driven by both our differentiated competitive positioning and our efficient and scalable team-based 'Pods' organisational structure for new business acquisition, each of which is discussed in greater detail below.

Market positioning and competitive strategy

At the heart of the Group's consistent and efficient growth is our market positioning and competitive strategy. A recent survey of 1,000 frequent conference callers, commissioned by LoopUp, showed that 68 percent of enterprise conference callers are still 'dialling in' to calls with phone numbers and access codes. They're not using any software at all for a better meeting experience.

This seems to fly in the face of the all too common time-wasting frustrations associated with dial-in conferencing: "That access code isn't recognised." "Who just joined?" "Who is it with all the background noise?"

> We don't overwhelm users with features and believe 'less is more' when it comes to remote meetings.

Respondents thought that 15 minutes were wasted on a typical call getting the meeting started and dealing with distractions. That's more than a third of the time the world spends on conference calls.

The security connotations are arguably more concerning still. Over half of the respondents considered it quite normal not to know exactly who's on their conference calls. With the experience clearly so far from perfect, why do the majority persist with dial-in rather than embracing software alternatives that might offer a better experience?

The answer, LoopUp believes, lies in the way people tend to adopt software. For most, this is a process of trial and error over time. As host of a remote meeting, however, you're live in the 'hot seat' with multiple guests. It simply isn't conducive to trial-and-error-based learning. The last thing you want is for anything to go wrong, and while dial-in may well be a poor experience, at least people are used to it. Everyone can dial a phone number and punch in an access code.

> Looking ahead into 2018, we continue to see strong demand for the LoopUp product and we remain confident in our ability to deliver future growth.
>
> **Steve Flavell and Michael Hughes**

Plenty of software companies have introduced feature-rich products to try and drag conferencing out of the dial-in dark ages. And they've had some success with tech-savvy early adopters and specialist user groups, such as IT and Training teams. But, none has 'crossed the chasm' into the mainstream majority, where bells and whistles can be intimidating rather than impressive. The majority continue to play it safe with dial-in; their meeting experience remains poor; and IT decision-makers remain frustrated by the meagre adoption of 'better' options.

LoopUp takes a contrarian approach. Rather than trying to wow early adopters, LoopUp is specifically designed for the mainstream majority but with a significantly better experience than dial-in. In the risk-averse world of remote meetings, we believe this is essential if we're to entice the majority away from dial-in. We don't overwhelm users with features and believe 'less is more' when it comes to remote meetings. Our minimalist interface is designed to guide users through an intuitive experience, with no training required. We focus on delivering a reliable, high quality experience on every call, in terms of both audio quality and visual context.

And it's working. Our users are now foregoing dial-in 75%[1] of the time. Instead, LoopUp calls out to them on a phone of their choice and then naturally guides them to a helpful visual interface where you can see 'who just joined' and 'who's speaking.' Finally, dial-in can fade into the background, bringing a new level of visibility and security to light.

Continued efficient growth

Our Pods have continued to operate to highly efficient unit economics. Each Pod delivered on average £472,000 of new annual recurring revenue (or £362,000 of new annual recurring gross margin) at an average fully-loaded non-recurring cost of £483,000.

The Group has maintained its low gross revenue churn rate at 5% (FY2016: 5% and FY2015: 6%), which while maintained, implies a 20-year expected lifetime over which this annual gross margin would recur. These economics mean that every £1 invested into our Pods has a present value gross margin return of £6[2] (FY2016: £6).

Our customer base remains well diversified, with the largest single customer representing just 3.6% of total LoopUp Revenue. Our top 100 customers accounted for 62% of LoopUp Revenue, and the top 500 accounted for 91%. The Group generated 40% of LoopUp Revenue from the United Kingdom, 51% from the United States, 7% from continental Europe and 2% from the rest of the world. Our established revenue base in the United States is an important foundation for future growth as this geographic market accounts for approximately 60% of global demand.

Progressing with our strategic priorities

We continue to progress well against our strategic priorities and expect 2018 to continue further in this vein. Organic growth and investment in internally established capabilities remains central to our growth plan and the Group remains open to other routes to growth, should opportunities present themselves. Whatever the route, however, during 2018 our pursuit of growth will be focused on three key areas:

- **'Pod' investment:** We have continued investment into our team-based 'Pods' organisational structure for new business acquisition. We have increased the average number of Pods to eight during FY2017 (FY2016: six) and plan to increase the number to 11 during FY2018. We will also be introducing lead generation marketing and exploring new geographic markets for the Group to enter in addition to our core UK and US markets.
- **Product development:** We continue to invest in developing the LoopUp product. This year we have introduced support for enterprise Single Sign-On (SSO) and inter-connected multi-site bridging for premium international voice quality. This will remain at the heart of our corporate strategy during 2018 as we continue to enhance the customer experience.
- **Grow existing base:** Several customers acquired during FY2016 have developed into major revenue contributors during FY2017, including the Group's 1st, 4th and 9th largest accounts. This is a reflection of the value our customers place in the intuitive and streamlined user experience. As we on-board new customers, we will continue to focus on growing them into marquee accounts over time.

Positive Outlook

We continue to see strong demand for our product from our target market of mid-to-large enterprise and professional services firms. Our highly differentiated market positioning and competitive strategy, combined with our efficient new business unit economics, make for an exciting outlook and we remain confident in our ability to deliver further growth.

Steve Flavell
Co-CEO

Michael Hughes
Co-CEO

1. Based on new LoopUp users provisioned during both FY2016 and FY2017
2. Based on 5% gross revenue churn, adjusting for resource allocated to new market testing, and using a risk-based discount rate of 12%

Our strategic priorities and targets

Priority	Explanation	Achievements	Outlook
Increase number of Pods	More of the proven same in new business acquisition.	Grew to eight Pods in 2017.	Expect to grow to 11 Pods in 2018.
Introduce marketing	In 2016, we hired an experienced four-person team in London with skills in digital and content marketing, corporate communications and design to drive new inbound marketing efforts.	Delivered foundational corporate branding, messaging, communications and website design projects. Conducted experimental campaign activities to design workflows and develop tracking tools to measure the return on investment of future lead generation campaigns.	Introduce lead generation marketing to drive more enterprise and mid-market leads to LoopUp. Explore new geographic markets to enter in addition to core UK and US markets.
Continue to innovate our product	We compete first and foremost on our differentiated and premium product experience. We aim to solve problems with important day-to-day remote meetings and delight our users.	We have introduced support for Single Sign-On (SSO) and inter-connected multi-site bridging for premium international voice quality.	Introduce new features without compromising the simple core flow of the LoopUp product experience. Extend our focused, best-in-class remote meetings product to play well with other best-in-class enterprise collaboration solutions.

“LoopUp stands out above other remote meeting and UCaaS providers. Its business strategy defies in many ways the ‘conventional wisdom’ in the industry.

Raúl Castañón-Martínez, Senior Analyst at 451 Research

A year of excellent progress

2017 was a year of excellent progress for LoopUp. The continued strong growth of our business combined with improved profitability has ensured that the business is in a strong position as we go into 2018.

LoopUp Revenue (excluding the discontinued BT technology licensing revenues of £0.7m in FY2016) grew by 36% in FY2017 to £17.5m, which was ahead of market expectations despite a second half currency headwind which saw sterling average $1.32, up from $1.23 at the start of the year. Constant currency revenue growth was 33.5% (H117: 37%; H217 30%), ahead of the 31% recorded in each of FY2016 and FY2015.

Operating results

The Group has continued to leverage its growth and improved buying power to drive down the cost of purchased telephony, which makes up the majority of cost of goods sold. As a result, the gross margin percentage improved from 74.5% in FY2016 to 76.7% in FY2017 (adjusted for discontinued BT technology licensing revenues).

Administrative expenses grew by 28% in the year, significantly lower than the rate of revenue growth. The main areas of increase in spending were sales and engineering headcount, both of which are important underpinnings of future growth. Consequently, LoopUp EBITDA rose 161% from £1.3m in FY2016 to £3.5m in FY2017 (adjusted for discounted BT licensing revenues). Unadjusted EBITDA for FY2016 was £2.0m.

LoopUp revenue growth

+36%

FY2017: £17.5m

"Looking ahead into 2018, we continue to see strong demand for the LoopUp product and we remain confident in our ability to deliver future growth.

Simon Healey

The Group's spend on development costs rose from £3.2m in 2016 to £3.8m in FY2017. The increase largely represents the full year impact of investments made in engineering headcount during 2016.

These costs are allocated to specific development projects, which are then amortised once the project is deemed complete. Due to the timing of completion of the various development projects worked on in recent years, the amortisation charge at £2.1m lags the level of spend for FY2017 (FY2016: £1.4m). As we have guided previously, this charge is expected to increase and broadly equalise with the level of spend over the next few years. In addition, £0.3m of cost was deemed to be impaired at the end of FY2017 (FY2016: £nil), relating to small projects which were no longer core to the LoopUp product.

The Group achieved an operating profit of £0.7m in FY2017, compared to a loss of £0.3m in FY2016 (adjusted for discontinued BT technology licensing revenues), or an unadjusted profit of £0.4m for the same period.

The Group continues to receive a tax benefit from its research and development activity, and we expect to submit a claim for £0.9m of tax cash credit for FY2017, in addition to the £0.8m successfully claimed for FY2016.

Assets and cash flows

Net cashflow before financing for the full year was (£0.1m) (FY2016: (£0.2m). The second half of the year showed a positive net cashflow before financing of £0.5m.

The Group's much improved balance sheet showed £10.5m of net assets and £2.9m of net cash at the end of FY2017. The Group paid down a final debt instalment of £0.3m on 31 January 2017 and ended the year debt free.

In addition, the Group has over £12m of accumulated tax losses at the end of FY2017, which it expects to be able to utilise against future profits.

Simon Healey
CFO
27 April 2018

Year end net cash

£2.9m

FY2016: £2.2m

EBITDA

£3.5m

FY2016: £2.1m

2017 gross margins

76.7%

+220 BPS over 2016

As with any business, the Group is subject to a number of risks and uncertainties, some of which are outside of our control. The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are considered to be appropriate given the size and nature of the business.

Below, we have identified the principal risks and uncertainties which could have an adverse material impact on the Group. This list is not exhaustive and it should be noted that additional risks, which the Group does not consider material, or of which it is not aware, could have an adverse impact.

Principal risk	Impact	Mitigation
Competition and technological change	The Group's primary competitors are, in many cases, significantly larger enterprises with greater financial and marketing resources. There can be no guarantee that the Group's current competitors or new entrants to the market will not bring new or superior technologies, products or services at similar or lower prices.	We maintain and promote a differentiated value proposition. While other remote meeting vendors claim to deliver value by adding specialist features and capabilities, or by cutting prices, LoopUp delivers value, and competes successfully, by providing a superior user experience for non-specialist users. The Group's senior management team regularly devotes time to reviewing product releases by potential competitors and gaining insight from industry analysts and customers.
People	Difficulties encountered in retaining senior staff and recruiting appropriate employees, and the failure to do so, or a change in market conditions that renders current incentivisation structures lacking, may hinder the Group's ability to grow.	The Group believes it has the appropriate incentivisation structures in place to attract and retain the calibre of employees necessary to ensure the efficient management, operation and growth of the business.
Key system failure or disruption	Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's services, with a consequential material adverse effect on operations and results.	The Group regularly reviews the appropriate redundancy and resiliency in its network operations, is ISO 27001 certified across its global operations, and has implemented a sophisticated Service Event Response Team (SERT) with detailed processes and procedures for responding to any size or type of service outage or disruption. Members of the SERT are located around the world, enabling 24x365 coverage.

Key

- Increased
- Decreased
- Unchanged

Since the 2016 Annual Report

Principal risk	Impact	Mitigation
Product development	New capabilities and enhancements introduced into the Group's product may contain undetected defects that fail to meet customers' performance expectations or satisfy contract specifications, and this may impact the Group's results and reputation.	All product releases are put through rigorous quality assurance cycles, followed by internal user acceptance testing before release to customers in a considered and organised rollout strategy. Care is also taken to be able to 'roll back' to previous versions of the product whenever practically possible.
Intellectual property	Challenges to the Group's intellectual property or alleged infringements of others' intellectual property, by either competitors or other third parties, could result in costs, liabilities and operational uncertainties for the Group, and there can be no guarantee as to the outcome of any such challenge or associated litigation. The Group also licenses software from third parties and the Group's continuing rights to do so cannot be guaranteed.	The Group is aware neither of any challenges to its intellectual property, including its three granted patents, nor of any infringements to others' intellectual property. We maintain an active policy regarding patents and trademarks as appropriate. We maintain robust contracts with any key software licensed from third parties, and are aware of and informed about alternative sources of supply as necessary.
Foreign exchange	Given the Group's material US sales and operations, fluctuations in foreign currency exchange rates could have a material effect on the Group's revenue and profitability, and there can be no guarantee that the Group would be able to compensate or hedge against such effects.	Our percentage of revenue denominated in US Dollars is currently broadly aligned with our percentage of costs denominated in US Dollars, and we closely monitor both that alignment and foreign exchange movements on an ongoing basis.

This report was approved by the Board of Directors and authorised for issue on 27 April 2018. It was signed on their behalf by:

Steve Flavell
Director

Non-Executives

Lady Barbara Judge CBE
Independent Non-Executive Chairman

Lady Judge is a trained commercial lawyer with both British and American citizenship.

Early in her career she was a commissioner of the US Securities & Exchange Commission and subsequently Deputy Chairman of the UK Financial Reporting Council. She was also Chairman of the Pension Protection Fund and the UK Atomic Energy Authority. Currently she is Chairman of Cifas, the UK membership organisation specialising in the prevention of fraud and financial crime. She is best known to UK tech investors for chairing the board of IT company Axon Group plc prior to its successful sale.

In June 2010 she was awarded Commander of the British Empire in the Queen's Birthday Honours for her contribution to the financial services and nuclear industries. In April 2015 she received the Times Non-Executive Director award for her chairmanship of the UK Pension Protection Fund.

Mike Reynolds
Independent Non-Executive Director

Mike most recently held the position of EVP at Syniverse Technologies, before which he served as CEO of 2degrees Mobile. Prior to 2degrees Mobile, Mike spent more than seven years in a variety of senior positions, including President at Singapore listed network operator, StarHub. As President, he was responsible for the day-to-day operations of 2,800 employees and US$1.4bn of revenue.

Previously, Mike spent 24 years at BellSouth, which included appointments as President of BellSouth China and CEO of BellSouth International Wireless Services.

A R N

Barmak Meftah
Independent Non-Executive Director

Barmak is a 20-year technology industry veteran and currently President and CEO of AlienVault. Prior to AlienVault, Barmak served as Vice President of the Enterprise Security Products division at HP, which acquired Fortify Software, an information security provider where Barmak was Chief Products Officer.

Barmak has also served in several senior management roles at Sychron and Oracle Corporation. He also serves on various technical advisory boards and is a limited partner and adviser to a number of venture capital funds.

A R N

Nico Goulet
Non-Executive Director

Nico is a managing partner at Adara Ventures where he has managed venture capital funds for the last 18 years. Nico has been actively involved with more than 30 early-stage ventures and served on the boards of 23 companies.

Prior to Adara, Nico was a partner at Monitor Company. Nico has a BSc degree in Aerospace Engineering from the École Centrale de Paris, an MSc in Aeronautics & Astronautics from MIT, and an MBA from INSEAD.

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Executives

Steve Flavell
Co-CEO

Steve co-founded LoopUp alongside co-CEO Michael Hughes. Based in London, Steve oversees global commercial and investor relations activities, and is accountable for setting and delivering the Group's financial plan. Prior to LoopUp, Steve was EVP and main board director at GoIndustry, an online industrial auctioneering platform, where as part of its founding team, Steve was involved in the company's organic growth and several acquisitions.

Previously, Steve spent time at Monitor Company, Mars & Co, and Mobil Oil.

Steve has an MBA from Stanford and an MEng/BA Hons from St. John's College, Cambridge.

R N

Michael Hughes MBE
Co-CEO

Michael co-founded LoopUp alongside co-CEO Steve Flavell. Based in San Francisco, Michael oversees the Group's product development, engineering and network operations worldwide. Prior to LoopUp, Michael was a founding member and CEO of Pagoo, a pioneering VoIP company, overseeing the company's expansion into Europe and Asia.

Prior to Pagoo, Michael was a strategy consultant with Monitor. Michael has an MEng from Imperial College, an MBA from Stanford as an Arjay Miller Scholar, and was awarded a Sainsbury Management Fellowship by the Royal Academy of Engineering.

Michael was made a Member of the Order of the British Empire (MBE) in Her Majesty's 2017 New Year's Honours List for services to graduate development via the Silicon Valley Internship Programme.

Simon Healey
CFO

Based in London, Simon oversees all global financial operations. Prior to LoopUp, Simon was Financial Controller at Streetcar, which sold to Zipcar in 2011. Previously, he was Financial Controller at Research Now and was involved in the company's listing on AIM. Simon is a Chartered Accountant who trained with KPMG, and holds a degree in Accountancy from the University of Birmingham.

Key to Committees

A Audit

R Remuneration

N Nomination

Excellent momentum

As our co-CEOs noted in their statement, LoopUp has had another strong year, maintaining its track record of consistent, efficient growth and continued product innovation.

Since joining the board at IPO in 2016, I have been pleased to be a part of LoopUp's excellent momentum in the market and look forward to the Company maintaining this trend during 2018 and beyond.

LoopUp addresses a significant problem that businesses face – the proliferation of painful, time-wasting conference calls that frustrate busy professionals and diminish their productivity every day. Having experienced these very issues myself, I have found LoopUp's approach an innovative alternative. Its business model and growing adoption among demanding enterprises is further proof of the value LoopUp delivers to its customers and shareholders.

The Company continues to experience strong demand for its differentiated product, which combined with its innovative and efficient Pods organisational strategy, makes for an exciting outlook, and we remain confident in our ability to deliver further growth.

The Directors and executive team have demonstrated their continued ability to take the business forward as a public company and maintain its upward momentum. I remain confident that the Company is well positioned to grow in line with market expectations and deliver against our strategic priorities in the year to come.

I look forward to seeing you, our shareholders, at our AGM on 15 June 2018.

A note on corporate governance
LoopUp Group plc, as an AIM company, is not required to comply (and does not claim to comply) with the UK Corporate Governance Code ('the Code'). The Board, however, recognizes the importance of the principles set out in the Code and remains committed to the maintenance of high standards of corporate governance.

After due consideration, the Board seeks to apply those aspects of the Code as far as it considers appropriate for a business of this size and nature.

The composition of the Group's Board was considered carefully prior to AIM admission, and no changes to the Board or its Committees have taken place since admission.

The Board holds its strategic decision-making meetings in various Group offices, taking the opportunity to meet with members of both the Executive team and the wider senior management team, building their knowledge of the business.

In my opinion, LoopUp offers a superior service to clients and customers. It is my honour and pleasure to be its Chairman, and to have the opportunity to work with such an effective and impressive management team and Board.

Lady Barbara Judge
Chairman
27 April 2018

"LoopUp offers a superior service to clients and customers.

Lady Barbara Judge CBE

Committed to high standards of corporate governance

Board meetings and attendance
The Board aims to meet at least quarterly, with at least two meetings held in person (once during the budget-setting process and once mid-year). The remaining meetings are held remotely on LoopUp's platform. Two in-person Board meetings were held during 2017. The table below shows the number of and attendance at both Board and Committee meetings during the year.

	Board meetings		Committee meetings: Audit		Committee meetings: Remuneration		Committee meetings: Nomination	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors								
Steve Flavell	7	7	3	2	3	3	–	–
Michael Hughes	7	7	–	–	3	3	–	–
Simon Healey	7	7	3	3	–	–	–	–
Non-Executive Directors								
Lady Barbara Judge	7	7	–	–	–	–	–	–
Mike Reynolds	7	7	3	3	3	3	–	–
Nico Goulet	7	7	3	3	–	–	–	–
Barmak Meftah	7	3	3	2	3	2	–	–

Board composition
The Board comprises three Executive and four Non-Executive Directors (including the Chairman). The Group appointed Lady Barbara Judge as Chairman and Senior Independent Non-Executive Director at the time of the IPO.

Mike Reynolds, Barmak Meftah and Nico Goulet remain in place from the previous Ring2 Communications Board, with the former two Directors being considered independent.

Simon Healey, who has served as CFO to the Group since 2011, was formally appointed to the Board on IPO in August 2016.

Board responsibilities
The Board is responsible for the long-term success of the Group. It sets strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring that only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet obligations to shareholders and others. It also approves any acquisitions and disposals, major capital expenditure, annual budgets and dividend policy.

Board papers are circulated before Board meetings in sufficient time to enable their review and consideration in advance of meetings.

Board effectiveness
The performance of the Board is evaluated on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues are handled satisfactorily; and whether there is a clear strategy and objectives.

The Co-Chief Executives' and Chief Financial Officer's performance is appraised by the Chairman. The Chairman is appraised by the other Non-Executive Directors, and the other Non-Executive Directors are appraised by the Chairman.

Directors' independence
Three of the Non-Executive Directors are considered by the Board to be independent and are free to exercise independence of judgement. They have never been employed by the Group nor do they participate in the Group bonus scheme. They receive no remuneration apart from their fees and, in some cases, limited share options.

Board appointments
On appointment, a new Director is briefed on the activities of the Group. Ongoing training is provided as needed. Directors are updated on a regular basis on the Group's business.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each Annual General Meeting, one-third (or the nearest whole number) of the Directors retire by rotation.

Access to independent advice and support
In the furtherance of his or her duties or in relation to acts carried out by the Board or the Group, each Director is aware that he or she is entitled to seek independent professional advice at the expense of the Group. The Group maintains appropriate Directors' and Officers' insurance in the event of legal action being taken against any Director. Each Director has access to the advice and services of the Company Secretary, if required, who is responsible for ensuring that Board procedures are properly followed and that applicable rules and regulations are complied with.

Internal controls and risk management
The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are considered to be appropriate given the size and nature of the business.

The Group's internal financial control and monitoring procedures include:

- Clear responsibility for the maintenance of good financial controls and the production of accurate and timely financial information.
- The control of key financial risks through appropriate authorisation levels and senior management oversight.
- Detailed monthly reporting of trading results and financial position, including variances against budget.
- Reporting of any non-compliance with internal financial controls.
- Review of reports issued by external auditors.

The Audit Committee, on behalf of the Board, reviews reports from the external auditor together with management's response. In this matter, it has reviewed the effectiveness of the system of internal controls for the period.

Shareholder communications
Executive Directors regularly meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. Feedback from these meetings is presented to the Board. The Chairman and other Non-Executives are available to shareholders to discuss strategy and governance.

All Directors encourage the participation of all shareholders, including private investors, at the Annual General Meeting and as a matter of policy the level of proxy votes lodged on each resolution is declared at the meeting and published by announcement to the London Stock Exchange and on the Group's website.

The Group's Annual Report and Accounts is published on the Group's website and can be accessed by shareholders.

Committee composition
The Audit Committee ('the Committee') was established in August 2016, although a similar committee did operate under Ring2 Communications Limited prior to the establishment of the Group as it currently stands. Mike Reynolds is Chair of the Audit Committee and the other members are Barmak Meftah and Nico Goulet. The Board considers the members to have relevant and recent financial experience, given their biographies as set out on pages 18 and 19.

Committee responsibilities
The Committee is appointed by and responsible to the Board. It has written terms of reference. Its main responsibilities are:

- Monitoring its satisfaction with the truth and fairness of the Group's financial statements before submission to the Board for approval, ensuring their compliance with appropriate accounting standards, the law and AIM rules.
- Monitoring and reviewing the effectiveness of the Group's systems of internal control.
- Making recommendations to the Board in relation to the appointment and remuneration of the external auditor, and reviewing the auditor's objectivity and independence on an ongoing basis.
- Implementing a policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain information from any officer or employee of the Group and obtain external advice as it deems necessary.

Committee meetings
The Committee aims to meet at least three times per year. These meetings are scheduled to coincide with the review of the interim statement, the scope and planning of the external audit and, finally, the results and observations upon completion of the external audit.

Three meetings were held during the year which the external auditor, co-CEO and CFO attended. The Committee also has the opportunity to meet with the external auditor without any Executive Directors present if it wishes to do so.

The Committee carried out a full review of the year end results and of the audit, using as a basis the reports to the Committee prepared by the CFO and the external auditor. Questions were asked of senior management around any significant or unusual transactions where the accounting treatment could be open to different interpretations.

The Committee received from the external auditor a report of matters arising during the audit which the auditor deemed to be of significance.

Significant matters considered by the Committee in relation to the financial statements and areas of judgement routinely considered and challenged were as follows:

- Revenue recognition
- Capitalisation of development costs

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures in relation to key judgements and estimates have been included in the financial statements. In reaching this conclusion the Committee has considered reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered reports prepared by the external auditor.

Committee performance
The Committee regularly reviews its own performance and has concluded that it is performing as expected.

External auditor
Grant Thornton UK LLP has been the external auditor since 2014.

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or independence, particularly around the provision of non-audit services.

Management reviewed the effectiveness of the external audit process and were satisfied with the external auditor's knowledge of the business and that the scope of the audit was appropriate and the audit process effective.

Following these processes, the Committee recommended to the Board that Grant Thornton UK LLP be proposed for re-election at the AGM.

Internal audit function
Given the size and nature of the Group, the Board did not consider it necessary to have an internal audit function during the year, though this need will be reviewed regularly.

Committee composition
The Nomination Committee was established in August 2016. Mike Reynolds is Chair of the Nomination Committee and the other members are Barmak Meftah and Steve Flavell.

Committee responsibilities
The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board, having regard to:
- its size and composition;
- the extent to which required skills, experience or attributes are represented;
- the need to maintain the highest appropriate standard of corporate governance; and
- ensuring that it consists of individuals who are best able to discharge the responsibilities of Directors.

It has written terms of reference.

Committee meetings
The Nomination Committee did not meet during 2016 or 2017. With the Board only reaching its current format in August 2016, there was no reason for the Committee to meet in the year.

The Board has considered diversity in broader terms than gender and believes it is also important to reach the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, and training is provided to assist this.

The Remuneration Committee
The Remuneration Committee was established in August 2016. It is chaired by Mike Reynolds and the other Committee members are Steve Flavell and Barmak Meftah.

The Committee's primary purpose is to assist the Board in determining the Company's remuneration policies and, in so doing, agree the framework for Executive Directors' remuneration with the Board. It has written terms of reference.

The Committee met three times during the year, with other Board members in attendance as appropriate.

Remuneration Committee report
As an AIM-listed company, LoopUp Group plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated otherwise.

Membership of the Remuneration Committee
During the year, the Remuneration Committee comprised two Non-Executive Directors (Mike Reynolds as Chair and Barmak Meftah) and one Executive Director (Steve Flavell).

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

Remuneration policy
The objectives of the remuneration policy are to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-Executive Directors
Remuneration of Non-Executive Directors is negotiated by the Executive Directors and agreed by the Board. Non-Executive Directors are not permitted to participate in pensions, annual bonuses or employee benefits. They are entitled to participate in share option agreements relating to the Company's shares. Each of the Non-Executive Directors has a letter of appointment stating his or her annual fee and that their appointment is initially for a period of three years, renewable for a further period of three years. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration
The normal remuneration arrangements for Executive Directors consist of basic salary, annual performance-related bonuses and participation in share options schemes. In addition, they receive private healthcare benefits, and UK Executives participate in a company pension scheme.

Annual bonuses
The 2017 annual bonus plan comprised a target bonus of 50% of salary for Steve Flavell and Michael Hughes and 25% of salary for Simon Healey. Executive Directors are rewarded based on the performance of the Group versus predefined targets as well as the achievement of personal objectives.

Based on the 2017 performance targets set at in late 2016, the Group either achieved or exceeded the targets set for revenue, gross margin and EBITDA. As a result of this performance, the Remuneration Committee resolved to pay bonuses as set out in this report.

Similar bonus principles will be adopted for future years. Performance targets around revenue, gross margin and EBITDA have been set by the Board. Meeting these targets and achieving personal objectives will result in payouts in line with those for 2017. Payouts can exceed these amounts should performance exceed these targets, and are capped.

Bonuses paid in 2016 included additional bonus payments in relation to the successful IPO. The cost of these bonuses were considered to be a cost of the transaction and were set against share premium during that year.

Audited	Payment currency	Salary/fees £000	Annual bonus £000	Benefits £000	2017 total £000	2016 total £000
Executive						
Steve Flavell	GBP	200	100	5	305	298
Michael Hughes	USD	233	116	6	355	345
Simon Healey (since appointment in 2016)	GBP	120	30	4	154	89
Non-Executive						
Lady Barbara Judge	GBP	50	–	–	50	17
Mike Reynolds	USD	23	–	–	23	22
Nico Goulet	–	–	–	–	–	–
Barmak Meftah	USD	6	–	–	6	–

Directors' interests

Details of the Directors' shareholdings are included in the Directors' Report on page 27.

Directors' share options

Aggregate emoluments disclosed below do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options for Directors who served during the year are as follows:

	Number of options at 31 December 2017	Exercise price
Executive		
Steve Flavell	–	–
Michael Hughes	880,000	£0.75
Simon Healey	100,000	£0.50
Non-Executive		
Lady Barbara Judge	–	–
Mike Reynolds	75,000	£0.75
	75,000	£0.0128
Nico Goulet	–	–
Barmak Meftah	75,000	£0.75
	31,250	£0.0128

During the year, the following options were exercised by Directors:

- Steve Flavell exercised and sold 880,000 options at an exercise price of £0.75.
- Simon Healey exercised and sold 30,275 options at an exercise price of £0.75.

By order of the Board

Mike Reynolds
Chairman of the Remuneration Committee
27 April 2018

Directors' Report

For the year ended 31 December 2017

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

As noted in note 1.01 on page 43, the Company was incorporated during 2016, and became the Parent Company of the Group during the year following a share-for-share exchange. As explained in note 1.01, these financial statements present information as if the Group had been in existence in its current format for the whole of the current and previous years.

Principal activity

The principal activity of the Group is the provision of a 'software-as-a-service' (SaaS) platform for remote business meetings.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic Report section of the Annual Report and Accounts on pages 2 to 17. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results are set out in the consolidated statement of comprehensive income, other statements and related notes on pages 36 to 66.

Dividends

The Directors do not recommend the payment of a dividend.

Going concern

After making enquiries, the Directors have confidence that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Annual Report and Accounts. This is described in more detail in note 1.03.

Annual General Meeting

Enclosed with this report is the Notice of the Company's second Annual General Meeting, to be held at 2.30pm on 15 June 2018 at the offices of Panmure Gordon.

Directors

The Directors who served on the Board and on Board Committees during the year are set out on pages 21. One-third of the Directors are required to retire at the Annual General Meeting and can offer themselves for re-election.

The Directors benefitted from qualifying third party indemnity provisions in place during the financial year and at the date of this Annual Report.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee Report on page 25.

The middle market price of the Company's shares on 31 December 2017 was 355.0 pence and the range during the year was 112.5 pence to 355.0 pence with an average price of 195.7 pence.

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2017 and 2016 were as follows:

	31 December 2017		31 December 2016	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive				
Steve Flavell	2,527,294	6.0%	2,727,294	6.6%
Michael Hughes	2,457,294	5.8%	2,707,294	6.6%
Simon Healey	–	–	30,275	0.1%
Non-Executive				
Lady Barbara Judge	33,754	0.1%	15,754	0.0%
Mike Reynolds	–	–	–	–
Nico Goulet (as Managing Partner of shareholder, Adara Ventures SICAR)	6,964,548	16.6%	8,039,548	19.7%
Barmak Meftah	43,750	0.1%	43,750	0.1%

Significant shareholders
The Company is informed that, at 17 April 2018, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Andrew Scott[1]	10,088,919	23.9%
Adara Ventures SICAR	6,964,548	16.5%
Hargreave Hale Limited	3,314,199	7.9%
Steve Flavell	2,527,294	6.0%
Michael Hughes	2,457,294	5.8%
Herald Investment Management Limited	2,042,000	4.8%
Octopus Investments Nominees Limited	1,693,331	4.0%

1. This includes shares registered in the name of his wife, Rhonda Scott, Jim Nominees Limited and SFT Capital Limited.

Research and development
The Group expended £3,760,000 during the year (2016: £3,211,000) on development, which was all capitalised within intangible assets. An amortisation charge of £2,140,000 (2016: £1,419,000) has been charged against previously capitalised costs. In addition, a small number of projects deemed to have been impaired resulted in an impairment charge of £300,000 (2016: £nil). No research costs have been incurred.

Financial instruments
The Group's policy and exposure to financial instruments is set out in note 19.

Employee involvement
It is the Group's policy to involve employees in its progress, development and performance. This has been communicated through both formal and informal meetings at all levels throughout the Group. During such meetings, employees are encouraged to provide a free flow of information and ideas.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues.

Political and charitable donations
The Group does not make political donations. Charitable donations of £1,000 were made during the year (2016: £1,000).

Supplier payment policy and practice
The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with each supplier at the start of business and makes payments in accordance with these terms.

The number of creditor days outstanding at 31 December 2017 was 56 days (2016: 62 days).

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

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

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

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor
A resolution for the re-appointment of Grant Thornton UK LLP as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Lady Barbara Judge
Chairman
27 April 2018

Our opinion on the financial statements is unmodified

We have audited the financial statements of LoopUp Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Overview of our audit approach

- Overall materiality: £262,000, which represents 1.5% of the group's total revenue.
- Key audit matters identified were the occurrence of revenue recognition and capitalisation of development costs.
- We performed a full scope audit of the financial information of four components out of the seven components within the group. These accounted for 98% of the Group's revenue and 104% of the Group's Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) (with the remaining three components contributing a 4% EBITDA loss for the financial year); and
- There were no key changes in the scope of the audit from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included those that 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 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.

Key Audit Matter–Group	How the matter was addressed in the audit–Group
Occurrence of revenue Revenue is generated by the sale of conferencing services. Revenue is typically recognised based on the number of seconds of each meeting at rates agreed with each individual customer. The group's revenue has increased from £12.8m to £17.5m. Revenue is recognised based on the conferences held by customers, the timings of which are recorded in the billing system. This information generates revenue recognised in the accounting system. There is an audit risk that revenue recognised is not supported by evidence of the relevant conferences taking place. Consequently, we identified occurrence of revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** - Gaining an understanding of the controls in the revenue cycle including the monthly billing process to record call details and billing rates. - For a sample of revenue, we agreed the seconds billed to the call detail records and the rates back to customer signed contracts. - Performing analytical procedures on revenue based on comparisons with prior year and focused on trends such as seasonality, gross profit percentage, and rates per minute across the group. - Testing credit notes raised during the year and subsequent to the year-end to ensure revenue was recognised in the correct period. - Considering the appropriateness of the revenue recognition policy adopted and confirmed that transactions have been treated in accordance with the adopted policy. The group's accounting policy on revenue recognition is shown in note 2.07 to the financial statements and related disclosures are included in note 6. **Key observations** Our testing did not identify any material misstatements in relation to the occurrence of revenue.

Key Audit Matter–Group	How the matter was addressed in the audit–Group
Capitalisation of development costs The group capitalises development costs within intangible assets. The amount capitalised in the year amounted to £3.8m (2016: £3.2m). The capitalisation of development costs under IAS 38 involves judgement and therefore there is a risk that a material error could occur if items have been incorrectly capitalised. We therefore identified capitalisation of development costs as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** - Reviewing the development costs capitalised to ensure these meet the requirements as stated within IAS 38 'Intangible Assets'. We gained further understanding of the projects under development based on the analysis of papers prepared by management, discussions with management and review of the changes in the software in the year. - Confirming that costs were capitalised in accordance with IAS 38, in particular that the development met the technical and commercial feasibility criteria. - Agreeing, on a sample basis, relevant payroll costs to payroll records. - Reviewing the amortisation period of three years to ensure this is appropriate for the expected product life cycle given the history of the product. - Reviewing the impairment review carried out by management on projects under development and completed in the period and for those projects which require impairment, we have reviewed to ensure these have been written off as required. The group's accounting policy on intangible assets is shown in note 2.03 to the financial statements and related disclosures are included in note 14. **Key observations** Our testing did not identify any material misstatements in the capitalisation of development costs during the year.

There are no key audit matters relating to the parent company.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Financial statements as a whole	We determined materiality for the audit of the group financial statements as a whole to be £262,000 which is 1.5% of total revenue. This benchmark is considered the most appropriate given that the group's results are driven directly by the volume of conference services. This approach is consistent with prior year.	We determined materiality for the audit of the parent company financial statements to be £128,000 which is 1% of total assets. This benchmark is considered the most appropriate as the company is a holding company with no trade occurring within the parent entity. This approach is consistent with prior year.
Performance materiality used to drive the extent of our testing	Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect the growth of the group compared to the prior year. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 70% of financial statement materiality for the audit of the group financial statements.	Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 based on the increased level of total assets. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 70% of financial statement materiality for the audit of the parent company financial statements.
Specific materiality	We also determine a lower level of specific materiality for certain areas such as directors remuneration and related party transactions.	We also determine a lower level of specific materiality for certain areas such as directors remuneration and related party transactions.
Communication of misstatements to the audit committee	£13,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£6,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality, considering each as a percentage of total group assets, liabilities, revenues and EBITDA.
- We performed a full scope audit of the financial information of four components and for the remaining three components, we have performed other procedures appropriate to respond to the risk of material misstatements.
- The four reporting components where we performed full audit procedures, these accounted for 98% of the Group's revenue and 104% of the Group's EBITDA, with the remaining group components reporting an EBITDA loss for the financial year. This includes all UK components as well as the US component. The remaining entities where other procedures were performed included the Hong Kong, Barbados and the Australian components.
- We have obtained an understanding of the entity-level controls of the Group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

An overview of the scope of our audit continued

- We evaluated controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.
- During the year, the group has incorporated a new component within Australia as a 100% owned subsidiary. The activity within this component was below group materiality.
- All accounting records and the finance team are located at head office and our work was conducted there accordingly.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report & Accounts set out on pages 2 to 29, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Jeremy Read
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
27 April 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
LoopUp Revenue[1]		17,465	12,823
Discontinued licensing revenue		–	736
Total revenue	6	17,465	13,559
Cost of sales		(4,076)	(3,265)
Gross profit		13,389	10,294
Administrative expenses	7	(12,657)	(9,896)
Operating profit	7	732	398
EBITDA[2]		3,463	2,063
Depreciation	7	(291)	(246)
Amortisation of intangible fixed assets	7	(2,140)	(1,419)
Impairment of intangible fixed assets	7	(300)	–
Share-based payments charges	20.06	–	–
Operating profit	7	732	398
Finance costs	10	(3)	(684)
Profit/(loss) before income tax		729	(286)
Income tax	11	1,260	484
Profit for the year		1,989	198
Other comprehensive income and loss			
Currency translation loss		(175)	(1,209)
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent		1,814	(1,011)
Earnings per share (pence):	12		
Basic		4.8	0.6
Diluted		4.4	0.5

1. LoopUp Revenue is revenue from the LoopUp product and associated value-added add-on capabilities; excludes discontinued BT technology licensing revenue.
2. EBITDA is operating profit stated before depreciation, amortisation and impairment of intangible fixed assets and share-based payments charges.

The notes on pages 43 to 66 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	2017 £000	2016 £000
Assets			
Property, plant and equipment	13	466	463
Intangible assets	14	6,142	4,822
Total non-current assets		6,608	5,285
Trade and other receivables	15	3,348	2,802
Cash and cash equivalents	16	2,902	2,547
Current tax	15	904	500
Total current assets		7,154	5,849
Total assets		13,762	11,134
Liabilities			
Trade and other payables	17	(2,118)	(1,744)
Accruals and deferred income	17	(1,189)	(1,378)
Borrowings	18	–	(306)
Total current liabilities		(3,307)	(3,428)
Net current assets		3,847	2,421
Total liabilities		(3,307)	(3,428)
Net assets		10,455	7,706
Equity			
Share capital	20	210	204
Share premium	20	12,637	11,708
Other reserve		12,691	12,691
Foreign currency translation reserve		(1,983)	(1,808)
Retained loss		(13,100)	(15,089)
Shareholders' funds attributable to equity owners of parent		10,455	7,706

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2018. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 43 to 66 form part of these financial statements.

Company number 09980752

Company Statement of Financial Position

As at 31 December 2017

	Note	2017 £000	2016 £000
Assets			
Investments	22	139	139
Total non-current assets		139	139
Trade and other receivables	15	12,708	11,773
Total current assets		12,708	11,773
Total assets		12,847	11,912
Net assets		12,847	11,912
Equity			
Share capital	20	210	204
Share premium	20	12,637	11,708
Retained profit		–	–
Shareholders' funds attributable to equity owners of parent		12,847	11,912

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2018. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 43 to 66 form part of these financial statements.

The Company recorded no profit or loss in the period since incorporation on 1 February 2016.

Company number 09980752

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Note	Share capital £000	Share premium £000	Other reserve £000	Foreign currency translation reserve £000	Retained loss £000	Shareholders' funds/deficit attributable to equity owners of parent £000
As at 1 January 2016		139	–	12,691	(599)	(15,287)	(3,056)
Profit for the year		–	–	–	–	198	198
Other comprehensive income		–	–	–	(1,209)	–	(1,209)
Total comprehensive loss for the year		–	–	–	(1,209)	198	(1,011)
Transactions with owners of parent in their capacity as owners:							
Share issue on AIM listing	20	65	12,935	–	–	–	13,000
Cost of issue of equity shares		–	(1,227)	–	–	–	(1,227)
As at 31 December 2016		204	11,708	12,691	(1,808)	(15,089)	7,706
As at 1 January 2017		204	11,708	12,691	(1,808)	(15,089)	7,706
Profit for the year		–	–	–	–	1,989	1,989
Other comprehensive income		–	–	–	(175)	–	(175)
Total comprehensive profit for the year		–	–	–	(175)	1,989	1,814
Transactions with owners of parent in their capacity as owners:							
Share issues	20	6	929	–	–	–	935
As at 31 December 2017		210	12,637	12,691	(1,983)	(13,100)	10,455

The notes on pages 43 to 66 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2017

	Note	Share capital £000	Share premium £000	Retained profit £000	Shareholders' funds attributable to equity owners of parent £000
As at incorporation (1 February 2016)		–	–	–	–
Result for the year		–	–	–	–
Total comprehensive result for the year		–	–	–	–
Transactions with owners of parent in their capacity as owners:					
Share-for-share exchange	20	139	–	–	139
Share issue on AIM listing	20	65	12,935	–	13,000
Cost of issue of equity shares		–	(1,227)	–	(1,227)
As at 31 December 2016		204	11,708	–	11,912
As at 1 January 2017		**204**	**11,708**	**–**	**11,912**
Result for the year		–	–	–	–
Total comprehensive result for the year		–	–	–	–
Transactions with owners of parent in their capacity as owners:					
Share issues	20	6	929	–	935
As at 31 December 2017		**210**	**12,637**	**–**	**12,847**

The notes on pages 43 to 66 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Net cash flows from operating activities			
Profit/(loss) before income tax		729	(286)
Non-cash adjustments			
Depreciation and amortisation	7	2,430	1,665
Impairment of intangible fixed assets	7	300	–
Interest payable		–	684
Working capital adjustments			
Increase in trade and other receivables		(547)	(706)
Increase in trade and other payables		183	1,468
Tax received		858	468
Net cash generated by operations		3,953	3,293
Cash flows from investing activities			
Purchase of property, plant and equipment	13.01	(331)	(304)
Addition of intangible assets	14.01	(3,760)	(3,211)
Net cash used by investing activities		(4,091)	(3,515)
Cash flows from financing activities			
Proceeds of borrowings		–	819
Proceeds from share issue		935	8,500
Issue costs in relation to IPO		–	(1,277)
Repayment of loans	24	(306)	(5,404)
Interest and finance fees paid		–	(21)
Finance lease paid		–	(10)
Net cash generated from financing activities		629	2,657
Net increase in cash and equivalents		491	2,435
Cash and cash equivalents brought forward		2,547	402
Effect of foreign exchange rate changes		(136)	(290)
Cash and cash equivalents carried forward	16	2,902	2,547

The notes on pages 43 to 66 form part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2017

	2017 £000	2016 £000
Net cash flows from operating activities		
Profit before income tax	–	–
Working capital adjustments		
Increase in debtors	(935)	(7,273)
Net cash used by operations	(935)	(7,273)
Cash flows from financing activities		
Proceeds from share issue	935	8,500
Issue costs in relation to IPO	–	(1,227)
Net cash generated by financing activities	935	7,273
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents brought forward	–	–
Cash and cash equivalents carried forward	–	–

The notes on pages 43 to 66 form part of these financial statements.

Notes to the Financial Statements

1. Business description and basis of preparation

1.01 Business description

The principal activity of the Group is the provision of a software-as-a-service (SaaS) solution for remote business meetings.

LoopUp Group plc ('the Group') is a limited liability company incorporated and domiciled in England and Wales, with company number 09980752. Its registered office is 78 Kingsland Road, London E2 8DP.

The Parent Company ('the Company') LoopUp Group plc was incorporated on 1 February 2016 as Pacific Shelf 1812 Limited, and its name was changed on 11 March 2016 to LoopUp Limited, and on 8 June 2016 to LoopUp Group Limited. It re-registered as a plc with the name LoopUp Group plc on 18 August 2016.

On 2 August 2016, the Company acquired the entire issued share capital of the former parent company of the Group, Ring2 Communications Limited (now LoopUp Limited), by way of a share for share exchange (see note 21). This share for share exchange qualifies as a common control transaction and therefore falls outside of the scope of IFRS 3 Business Combinations. Consequently, an accounting policy has been developed based on the principles of reverse acquisition accounting:

- No goodwill has been recorded.
- The assets and liabilities of the legal subsidiary, Ring2 Communications Limited are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value.
- The retained reserves recognised in the consolidated financial statements reflect the retained reserves of LoopUp Limited to the date of acquisition.
- In applying IFRS 3 by analogy, the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent LoopUp Group PLC, including the equity instruments issued under the share exchange to effect the business combination.
- An 'Other reserve' has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary.

1.02 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the EU together with the International Financial Reporting Standards Interpretations Committee interpretations issued by the International Accounting Standards Boards (IASB) that are currently effective or early adopted (collectively IFRS) and in accordance with those parts of the Companies Act 2006 that are relevant to those companies that report in accordance with IFRSs.

The preparation of financial information requires the Directors to exercise judgements in the process of applying accounting policies.

Financial information is presented in Pounds Sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£000), with rounding accordingly.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own statement of comprehensive income. The loss for the year dealt with in the financial statements of the Company was £nil.

The accounting policies used have been consistently applied from the transition balance sheet and throughout all periods presented in the financial statements.

1. Business description and basis of preparation continued

1.03 Going concern
As part of their going concern review, the Directors have followed the guidelines published by the Financial Reporting Council entitled 'Guidance on the Going Concern basis of Accounting and Reporting on Solvency and Liquidity Risks', published in April 2016.

At the balance sheet date, the Group had net cash of £2.9m and net assets of £10.5m.

The Directors have prepared a detailed budget and forecasts of the Group's expected performance over a period covering at least the next 12 months from the date of these financial statements. These forecasts model the realisation of the current sales pipeline and also cover a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group has sufficient cash resources to continue to trade successfully during this period.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to meet its commitments and discharge its liabilities in the normal course of business for a period not less than 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these Group financial statements.

1.04 Chief operating decision-maker
The Board of Directors acting together are considered the chief operating decision-maker.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below:

2.01 Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('the Subsidiaries') made up to the accounting reference date each year. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Control is achieved when the Group has power over an entity in which it has invested ('the Investee'); is exposed, or has rights, to variable returns from its involvement with the Investee; and has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an Investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings.

Intragroup transactions, dividends and balances are eliminated, as are unrealised gains and losses on intragroup transactions.

2.02 Currencies
(a) Functional and presentational currency
Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Parent Company operates ('the functional currency') which is UK Sterling (£). The consolidated financial statements are presented in UK Sterling, as described in note 1.02 ('the presentational currency').

2. Summary of significant accounting policies continued

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Group companies that have a functional currency other than the presentational currency of the Group
The results and financial position of all Group companies that have a functional currency different from the presentational currency of the Group are translated into the presentational currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were previously recognised in other comprehensive income are reclassified to the income statement as part of the gain or loss on sale.

2.03 Intangible assets
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development costs are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

(a) technical feasibility of the completed intangible asset has been established;
(b) it can be demonstrated that the asset will generate probable future economic benefits;
(c) adequate technical, financial and other resources are available to complete the development;
(d) the expenditure attributable to the intangible asset can be reliably measured; and
(e) management has the ability and intention to use or sell the asset.

These projects are designed to bring new capabilities into the LoopUp product. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.04 Investments
Investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

2.05 Property, plant and equipment
Property, plant and equipment are 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 a straight-line basis starting from the month they are first used, as follows:
- Office equipment – 20-33% straight line
- Computer equipment – 20-33% straight line

2. Summary of significant accounting policies continued

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.

2.06 Impairment of non-current assets

At each reporting date, the Directors review the carrying amounts of all non-current 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). 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the Statement of Comprehensive Income.

2.07 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and is shown net of Value Added Tax.

Revenue arises from the delivery of conferencing services using LoopUp's proprietary products. The majority of revenue arises upon usage by customers of services delivered on a pay as you go model, based on seconds of conference time and the number of participants on the conference. Revenue is recognised in relation to conferencing services as the service is performed.

Additionally, in the prior year, the Group has one material customer whose arrangement is based on a licence agreement for use of the service over an agreed time period. Revenue on this agreement is recognised on a straight-line basis over the period of the licence.

Any difference between the amount of revenue recognised and the amount invoiced to a customer is included in the statement of financial position as accrued or deferred income.

2.08 Cost of sales

Cost of sales consists of fees payable to third parties and other expenses that are directly related to sales.

2.09 Current and deferred tax

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

(a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates and laws for the period that have been enacted on substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

2. Summary of significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

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 income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets are recognised to the extent it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

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

2.10 Leased assets

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.11 Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.12 Benefits and pension costs

In 2016 LoopUp Limited established a contributory pension scheme under the UK's auto-enrolment rules. Company contributions (2% in FY2017) are recognised as an expense in the statement of comprehensive income as they fall due.

US staff qualify for a non-contributory 401k pension scheme which has been in place since 2013. The Group has no further payment obligations once the contributions have been deducted and paid. The contributions are recognised as an in expense in the statement of comprehensive income as they fall due.

2. Summary of significant accounting policies continued

2.13 Share-based compensation
The Group issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over any vesting period, along with a corresponding increase in equity if they are deemed to be material to the Group.

At each reporting date, the Directors revise their 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 any revision is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves.

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

2.14 Alternative performance measures
The Board assesses the performance of the Group using alternative performance measures (namely LoopUp Revenue, LoopUp Gross Margin and EBITDA) as in the Board's view, this reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis and is used as a basis for incentive compensation arrangements for employees.

LoopUp Revenue is defined as total Group revenue adjusted to exclude discontinued technology licensing revenue. LoopUp Gross margin is total Group gross margin adjusted to exclude the same revenue.

EBITDA is defined as operating profit stated before depreciation, amortisation of intangible fixed assets and a reconciliation of EBITDA is included on the Consolidated Statement of Comprehensive Income.

It is important to note that alternative performance measures are not defined under IFRS and therefore defined as "non GAAP" measures. The alternative performance measures used by the Group may not be directly comparable to similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to GAAP measurements of performance.

2.15 Dividends
Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed before the relevant consolidated financial statements are approved.

2.16 Accounting developments
The Group has adopted the following new standards, or net provisions of amended standards:
- Disclosure Initiative: Amendments to IAS 7
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

There has been no material impact on either amounts reported or disclosure in the financial statements arising from first time adoption.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early by the Group. Management anticipates that the following pronouncements relevant to the Group's operation will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Clarification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2) (not yet adopted by the EU)
- IFRIC Interpretation 22 Foreign currency transactions and advance considerations (not yet adopted by the EU)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (not yet adopted by the EU)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (not yet adopted by the EU)

2. Summary of significant accounting policies continued
There are other standards and interpretations in issue but these are not considered to be relevant to the Group.

IFRS 16 will replace IAS 17 for accounting periods commencing on or after 1 January 2019 and from the perspective of the Group as lessee will require (subject to certain practical expedients) most of the Group's lease obligations to be reflected on balance sheet with a corresponding asset reflecting the right to use the underlying leased asset.

Management are currently performing a detailed review of the Group's lease arrangements and are deciding on how IFRS 16 will be implemented and are considering which practical expedients might apply and whether or not the standard will be implemented on a full or partial retrospective basis. The full impact of IFRS 16 is therefore not yet known but is limited to the operating leases with regards to the land and buildings as indicated in note 23 of the financial statements.

The Directors expect that the adoption of the standards listed above, other than IFRS 16, will not have a material impact on the financial information of the Group in future reporting periods. This includes both IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts from Customers.

As per note 6, the whole of the Group's revenue in 2017 was derived from LoopUp Revenue, which is delivered on a pay as you go model, recognised on the number of seconds of conference time and the number of participants on the conference. This is not expected to change after the implementation of IFRS 15 on the basis that there are no ongoing performance obligations.

3. Financial instruments
Financial assets and financial liabilities are recognised in the Group's 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 expires.

3.01 Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.02 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.03 Financial liabilities
The Group's financial liabilities comprise borrowings, finance leases and trade and other payables.

Borrowings and trade and other payables
Trade and other 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.

3.04 Classification as debt or equity
Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all liabilities.

3. Financial instruments continued

3.05 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 are recognised as the proceeds received, net of direct issue costs. The components of equity are as follows:

(a) Share capital
The nominal values of equity shares. The rights attributable to the classes of equity in issue are disclosed in note 20.

(b) Share premium
The fair value of consideration received in excess of the nominal value of equity shares, net of expenses of the share issue.

(c) Retained earnings
The retained net profits or losses to date less distributions.

(d) Foreign currency translation reserve
The net foreign exchange gains or losses to date on consolidation of investments in overseas subsidiaries.

3.06 Research and development (R&D) tax credits
R&D tax credits for applicable research and development expenditure is accounted for as a credit to income tax expense in the year in which it is earned.

4. Financial risk management

4.01 Financial risk factors
The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key staff.

(a) Market risk is the risk of loss that may arise from changes in market factors, such as competitor pricing, interest rates, foreign exchange rates.
(b) Credit risk is the risk of financial loss to the Group if a client 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.
(c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.02 Capital risk management
The Group is funded by equity and loans. The components of shareholders' equity are:

(a) Share capital.
(b) Retained earnings, reflecting net comprehensive income to date less distributions.

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity.

4. Financial risk management continued

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

There are no externally imposed capital requirements.

4.03 Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. Critical accounting estimates and judgements
Details of significant accounting judgements and critical accounting estimates include:

Judgements

5.01 Functional currency
The functional currency is deemed to be Sterling, as the Directors consider that the primary economic environment.

5.02 Recoverability of deferred tax assets
Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the assets when they do reverse.

This requires assumptions regarding the future the profitability of the Group for the 12 months from the date of signing of the financial statements, and as this is inherently uncertain, no deferred tax asset in relation to tax losses has been recognised in the financial statements. The Group has trading losses of £12,768,000 (2016: £12,643,000) and non-trading losses of £401,000 (2016: £401,000) carried forward.

5.03 Capitalised development costs
Capitalisation of development costs requires the Directors to make judgements in allocating staff time appropriately to relevant projects and in assessing the technical feasibility and economic potential of those projects.

These judgements have resulted in the intangible assets as set out in note 14.

Estimates

5.04 Intangible asset life
Intangible assets are amortised over their estimated useful lives.

5.05 Impairment of assets
The impairment review process involves the Directors making judgements about, inter alia, future cash flows and the discount rate to be applied to those cash flows. Details of key assumptions made are given in note 15.

6. Revenue and segmental reporting

The Directors have identified the segments by reference to the principal groups of services offered and the geographical organisation of the business as reported to the chief operating decision-maker (CODM).

Segmental revenues are external and there are no material transactions between segments.

The main segment is LoopUp Revenue which consists of ongoing contracts to provide customers with access to the LoopUp conferencing platform.

The discontinued licensing revenue represented a contract with a single customer in the UK which terminated in 2016. This was the only customer which represented more than 10% of revenues in either year.

No segmental balance sheet was presented to the CODM.

	2017 £000	2016 £000
Analysis of revenue by segment:		
LoopUp Revenue	17,465	12,823
Discontinued licensing revenue	–	736
	17,465	13,559
Analysis of gross profit before tax by segment:		
LoopUp Revenue	13,389	9,558
Discontinued licensing revenue	–	736
	13,389	10,294
Geographical analysis of total revenue:		
EU[1]	8,224	7,356
US	8,968	5,952
Rest of World	273	251
	17,465	13,559
Geographical analysis of LoopUp Revenue:		
EU[2]	8,224	6,620
US	8,968	5,952
Rest of World	273	251
	17,465	12,823
Geographical analysis of non-current assets:		
EU	6,209	4,897
US	354	351
Rest of World	45	37
	6,608	5,285

All EU non-current assets reside in the UK.

1. Includes revenue earned in the UK of £6,957,000 (2016: £5,903,000).
2. Includes revenue earned in the UK of £6,957,000 (2016: £5,167,000).

7. Administrative expenses

The profit/loss from operations is stated after charging amounts as follows:

	2017 £000	2016 £000
Staff costs (note 9)	6,479	5,156
Establishment and general:		
Auditor's remuneration (note 8)	99	63
Operating lease costs – land and buildings	548	420
Depreciation of owned property, plant and equipment (note 13)	291	246
Amortisation of intangible assets (note 14)	2,140	1,419
Impairment of intangible assets (note 14)	300	–
Other administrative expenses	2,800	2,592
Total administrative expenses	12,657	9,896

8. Auditor's remuneration

The Group obtained the following services from the auditors and their associates:

	2017 £000	2016 £000
Fees payable to the Group's auditor for the audit of the consolidated and Parent Company's financial statements	50	48
Audit-related assurance services	7	7
Tax compliance services	31	8
Tax advisory services[1]	7	40
Corporate finance services[1]	4	115
Total auditor's remuneration	99	218

1 Fees of £nil (2016: £155,000) were charged in relation to the Group's listing. These were set against share premium (note 20) and not charged to the profit and loss account.

9. Staff and remuneration

9.01 Number of staff

	2017 Number	2016 Number
Average number of employees (including Directors):		
Executive Directors	3	2
Commercial	61	50
Engineering and development	26	24
Other	26	23
	116	99

9. Staff and remuneration continued

9.02 Remuneration

	2017 £000	2016 £000
Aggregate remuneration of staff (including Directors):		
Short-term remuneration	8,526	7,274
Compensation for loss of office	–	15
Social security costs	779	663
Benefits in kind	616	445
	9,921	8,397
Capitalisation as development costs (note 14)	(3,442)	(2,881)
Included in operating expenses	6,479	5,156

In addition to the staff costs above, £318,000 (2016: £330,000) of outsourced contractor costs were incurred and capitalised as development costs.

9.03 Directors' remuneration

Remuneration of the Directors included within the statement of comprehensive income is as follows:

	2017 £000	2016 £000
Short-term remuneration	800	724
Social security	69	40
Benefits in kind	15	7
Non-Executive Director fees	79	39
	963	810
Short-term remuneration of highest paid Director	349	340

The remuneration of key management personnel is shown in note 21.01.

10. Finance income and expense

	2017 £000	2016 £000
Interest payable on shareholder loan (note 18)	3	684
	3	684

11. Taxation

11.01 Income tax credit

	2017 £000	2016 £000
Current tax		
Current period UK income tax	(900)	(500)
Current period foreign income tax	5	13
Adjustment for prior periods	(365)	3
Net income tax credit	(1,260)	484

11.02 Factors affecting the tax charge

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	2017 £000	2016 £000
UK corporate tax average rate	19.25%	20%
Profit/(loss) before income tax	729	(286)
Tax at the UK corporate tax rate	140	(57)
Effects of:		
Expenses not deductible for tax purposes	2	3
Additional reduction for R&D expenditure	(944)	(437)
Effect of foreign tax rates	14	13
Adjustment for prior periods	(365)	(3)
Other differences	(107)	(3)
Net income tax credit	(1,260)	(484)

11.03 Factors that may affect future tax charges

The effective rate of UK corporate tax at the period end was 19%. Reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015. In the Budget on 16 March 2016, the Chancellor announced a further planned reduction to 17% from 1 April 2020 which has been substantively enacted at the balance sheet date.

12. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2017	2016
Profit attributable to equity holders (£000)	1,989	198
Weighted average number of ordinary shares in issue (000)	41,208	32,352
Basic earnings per share (pence)	4.8	0.6

The diluted earnings per share has been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

	2017 000	2016 000
Weighted average number of ordinary shares in issue	41,208	32,352
Adjustment for share options	3,699	4,413
Weighted average number of potential ordinary shares in issue	44,907	36,765
Diluted earnings per share (pence)	4.4	0.5

13. Property, plant and equipment

13.01 Property, plant and equipment (Group)

	Computer equipment £000	Office equipment £000	Total £000
Cost:			
As at 1 January 2016	1,351	309	1,660
Additions	258	46	304
Net exchange difference	241	13	254
As at 31 December 2016	1,850	368	2,218
Additions	292	39	331
Net exchange difference	(155)	(9)	(164)
As at 31 December 2017	1,987	398	2,385
Accumulated depreciation:			
As at 1 January 2016	1,068	250	1,318
Charge for the year	215	31	246
Net exchange difference	183	8	191
As at 31 December 2016	1,466	289	1,755
Charge for the year	258	33	291
Net exchange difference	(121)	(6)	(127)
As at 31 December 2017	1,603	316	1,919
Carrying amount:			
As at 1 January 2016	283	59	342
As at 31 December 2016	384	79	463
As at 31 December 2017	384	82	466

13.02 Property, plant and equipment (Company)

The Company held no property, plant and equipment during the period.

13.03 Finance leases (Group)

	Computer equipment £000	Office equipment £000	Total £000
Assets under finance leases within above carrying amount:			
As at 1 January 2016	9	–	9
As at 31 December 2016	–	–	–
As at 31 December 2017	–	–	–

The depreciation charges on these assets have been included in administrative expenses in the statement of comprehensive income.

14. Intangible assets

14.01 Intangible assets (Group)

	Development costs £000
Cost:	
As at 1 January 2016	6,983
Additions	3,211
As at 31 December 2016	10,194
Additions	3,760
As at 31 December 2017	**13,954**
Accumulated amortisation and impairment:	
As at 1 January 2016	3,953
Charge for the year	1,419
As at 31 December 2016	5,372
Charge for the year	2,140
Impairment charge	300
As at 31 December 2017	**7,812**
Carrying amount:	
As at 1 January 2016	3,030
As at 31 December 2016	4,822
As at 31 December 2017	**6,142**

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it is higher than the recoverable amount, an impairment results. Amortisation and any impairment charges are included in operating expenses in the statement of comprehensive income. Intangible assets not yet ready for use are tested for impairment at least annually. Amortisation of each asset begins from the date the asset becomes available for use.

Recoverable amounts have been measured based on value in use. Forecasts for the remaining life of each asset have been used (maximum three years), based on approved annual budgets and strategic projections representing the best estimate of future performance.

14.02 Intangible assets (Company)

The Company held no intangible assets during the period.

15. Trade and other receivables

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade receivables	2,785	2,380	–	–
Amounts owed by subsidiary undertakings	–	–	12,708	11,773
Other receivables	31	39	–	–
Deposits and prepayments	532	383	–	–
	3,348	2,802	12,708	11,773
Current corporate tax	904	500	–	–

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable, the Directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute no more than 5% of total receivables and would relate to a blue-chip customer. As such, the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in note 19.05. No collateral is held as security for trade or other receivables. The amounts at 31 December, analysed by the length of time past due, are:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Receivables past due but not impaired:				
30-60 days	987	748	–	–
60-90 days	245	518	–	–
More than 90 days	187	89	–	–
	1,419	1,355	–	–

16. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash and cash equivalents	2,902	2,547	–	–
	2,902	2,547	–	–

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current:				
Trade payables	1,206	1,062	–	–
Other tax and social security	814	661	–	–
Other payables	98	21	–	–
	2,118	1,744	–	–
Accruals	1,130	1,275	–	–
Deferred income	59	103	–	–
	1,189	1,378	–	–
Borrowings (note 18)	–	306	–	–
	3,307	3,428	–	–

The liabilities relating to finance leases are secured on the assets which the leases were used to purchase.

18. Borrowings

Borrowings held at amortised cost

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current:				
Shareholder loan	–	306	–	–
Total borrowings	–	306	–	–

Maturity analysis showing the contractual undiscounted cash flows

The Group's non-derivative financial liabilities have contractual maturities (including interest payments) as summarised below:

	Within six months £000	Six to 12 months £000	One to five years £000	Non-current later than five years £000
31 December 2017:				
Trade payables	1,206	–	–	–
	1,206	–	–	–
31 December 2016:				
Trade payables	1,062	–	–	–
Shareholder loan	306	–	–	–
	1,368	–	–	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

19. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in note 4.

19.01 Capital risk management

Funding to date has been by equity and loans. Loans are no longer outstanding as shown in note 18.

19.02 Financial assets

The following financial assets were held, all classified as loans, cash or receivables:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash and cash equivalents	2,902	2,547	–	–
Trade receivables	2,785	2,393	–	–
Amounts owed by subsidiary undertakings	–	–	12,708	11,773
Other receivables	31	39	–	–
Deposits	183	180	–	–
	5,901	5,159	12,708	11,773

19.03 Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade payables	1,206	1,062	–	–
Loans	–	306	–	–
Other payables	98	21	–	–
	1,304	1,389	–	–

19.04 Market risk

There is an exposure to the financial risk of changes in exchange rates impacting overseas revenues and costs. The Directors do not consider it appropriate to engage in hedging activities at this point in time. The Group also held significant US Dollar-denominated shareholder loans which were fully repaid in early 2017, as shown in note 18. Exchange rate movements on these loan balances resulted in currency translation losses in both 2017 and 2016 as shown in the statement of comprehensive income. As these loans have now been paid off, these losses are not expected to recur.

19.05 Credit risk

Careful consideration is given to the choice of bank in order to minimise credit risk. Cash is held with five institutions. The amounts of cash held with those banks at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK Sterling.

There was no significant concentration of credit risk at the reporting date other than as described at note 15.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

19. Financial instruments continued

A provision of £103,000 (2016: £89,000) has been made for impairment losses in relation to trade receivables. In the Directors' opinion, there has been no other impairment of financial assets. 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. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

19.06 Liquidity risk management

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections.

19.07 Maturity of financial assets and liabilities

All the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year.

19.08 Fair value

The fair values of all the financial assets and liabilities on the balance sheet are considered to be equal to their carrying values.

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates with the following assumptions being applied:

- for trade and other receivables and payables with a remaining life of less than one year the carrying amount is deemed to reflect the fair value;
- for cash and cash equivalents the amounts reported on the balance sheet approximate to fair value.

20. Share capital and share premium

20.01 Number of shares in issue

	2017 Number	2016 Number
Ordinary shares of 0.5p each	42,069,727	40,784,176
	42,069,727	40,784,176

20.02 Share capital at par, fully paid

	2017 £000	2016 £000
Carried forward:		
Ordinary shares of 0.5p each	210	204
	210	204
Movement in year:		
Shares issued:		
– Ordinary shares of 0.5p each	6	65
Shares converted:		
– Ordinary shares of 0.5p each	–	27
– A ordinary shares of 0.5p each	–	(25)
– EIS A ordinary shares of 0.5p each	–	(2)
	6	65

The classes of ordinary shares ranked pari-passu in respect of voting and dividends.

20. Share capital and share premium continued

20.03 Changes in shares issued

	2017 Number	2016 Number
Ordinary shares issued at £0.0125	–	–
Ordinary shares issued at £0.0128	–	43,750
Ordinary shares issued at £0.5000	116,000	–
Ordinary shares issued at £0.0750	1,169,551	–
Ordinary shares issued at £1.0000	–	13,000,000
	1,285,551	13,043,750

As part of the Group's preparation for admission to AIM, a share-for-share exchange took place on 2 August 2016, whereby the entire share capital of Ring2 Communications Limited was exchanged for identical shares in LoopUp Group plc. On 17 August 2016, under a deed of capitalisation, £4,500,000 of funds borrowed under the shareholder loan facility were capitalised by the allotment and issue of 4,500,000 ordinary shares to the debt holder. Upon admission to AIM on 24 August 2016, the following events occurred:

- All shares in LoopUp Group plc converted into ordinary shares of £0.05 each.
- 8,500,000 new shares of £0.005 each were issued for a rated consideration of £8,500,000.

20.04 Share premium account

	2017 £000	2016 £000
Brought forward	11,708	–
Arising during the year on issue of shares	929	12,935
Costs of share issue	–	(1,227)
Carried forward	12,637	11,708

20.05 Share options

Outstanding share options were as follows:

	2017 Number	2016 Number
Outstanding at 1 January	4,388,115	4,438,400
Granted at £0.750 and £0.0128	–	309,000
Lapsed at £0.125	(93,158)	(315,535)
Exercised (note 20.03)	(1,285,551)	(43,750)
Outstanding at 31 December	3,009,406	4,388,115
	£	£
Weighted average exercise price of outstanding options carried forward	0.6817	0.6955

The Directors have assessed the charge arising from the issue of share options as immaterial based on the assumptions below in note 20.06.

20. Share capital and share premium continued

20.06 Share-based payments

The fair values of the options granted have been calculated using a Black-Scholes model. Assumptions used were an option life of five years, a risk-free rate of 1%, a volatility of 60% and no dividend yield. Other inputs were as follows:

	2017 Number	2016 Number
Number granted in period	–	309,000
	£	£
Assumed share price at grant date	–	0.0125
Exercise price	–	0.75

21. Related party transactions

21.01 Remuneration of key personnel

Key management of the Group are the members of the executive team. Key management personnel remuneration includes the following expenses:

	2017 £000	2016 £000
Short-term remuneration	1,368	1,275
Social security	123	90
Benefits in kind	33	23
Total remuneration	1,524	1,388

21.02 Transactions and balances with key management personnel

	2017 £000	2016 £000
Amounts owed by/(to) key personnel:		
Steve Flavell	(96)	–
Michael Hughes	(20)	(2)
Mike Reynolds	(4)	(4)
Barmak Meftah	(5)	–
Simon Healey	(15)	(5)
	(140)	(11)

This amount represents expense claims outstanding at the year end.

21. Related party transactions continued

21.03 Transactions with related companies and businesses

The Group has purchased services in the normal course of business from certain companies related to individuals who are or were Directors of the Group:

The purchases from these parties and the balances owed at year end are as set out below:

	2017 £000	2016 £000
Purchases from (sales to) related parties:		
Silicon Valley Internship Program LLC	–	45
Silicon Valley Internship Program LLC	(38)	(45)
	(38)	–
Amounts owed to (by) related parties:		
Silicon Valley Internship Program LLC	23	16
ScottFin ECE Limited	–	306
	23	322
Interest charged during the year on shareholder loan	3	684

The Group has a related party relationship with its subsidiaries. At the balance Sheet date, the Company had receivables due from LoopUp Limited of £8,208,000 (2016: £7,273,000) and Pimco 2711 Limited of £4,500,000 (2016: £4,500,000).

22. Subsidiary undertakings

The Company owns 100% of the issued shares of the following telephony and conferencing services subsidiaries which make up the carrying value of £139,000 (2016: £139,000).

- LoopUp Limited – registered office 78 Kingsland Road, London E2 8DP, UK.
- LoopUp LLC (incorporated in the USA) – registered office 282 Second St, San Francisco, 94105, USA.
- LoopUp (HK) Limited (incorporated in Hong Kong) – registered office 111 Connaught Road, Central, Hong Kong.
- LoopUp (Barbados) Limited (incorporated in Barbados) – registered office The Gables, Haggatt Hall, St Michael, Barbados.
- LoopUp Australia Pty Ltd (incorporated in Australia) – registered office 383 Kent St, Sydney, NSW 2000, Australia.
- PIMCO 2711 Limited – registered office 78 Kingsland Road, London E2 8DP, UK.

All subsidiary undertakings have been included in the consolidation.

23. Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2017 £000	2016 £000
Land and buildings:		
Within one year	555	535
In the first to fifth years inclusive	1,474	535
After the fifth year	159	–
	2,188	1,070

The Group's main UK office was leased on a five-year term expiring in November 2016, at an annual rental of £98,000. This was renewed for a further five-year term (with a three year break option) from December 2016 at an annual rental of £200,000.

The San Francisco office was leased at an annual rental equivalent to £233,000, payable monthly, for 2017 (increasing annually). The lease expires in June 2018, and has been renewed for another five year term.

Smaller offices were also leased during the period in London, Hong Kong and the US with a total annual cost of approximately £105,000. They expire on various dates and the longest term has been three years.

24. Reconciliation of liabilities arising from financial liabilities

The changes in the Group's liabilities arising from the financial activities can be classified as follows:

	Short-term borrowings £000	Total £000
As at 1 January 2017	306	306
Cash flows:		
– repayment	(306)	(306)
As at 31 December 2017	–	–

25. Subsequent events

There have been no substantial events since the period end that require disclosure.

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