Jaywing plc

Annual Report & Accounts

For the year ended
31 March 2017

JAYWING

Contents

About Jaywing

Jaywing is a data science-led agency and consulting business with a marketing technology division and the beginnings of an international footprint.

Our agency has two core propositions: performance marketing and brand-led marketing.

Our data science consultancy helps clients do smart things with their data for marketing or risk.

Our marketing tech is branded Jaywing Intelligence.

This page does not form part of the audited financial statements

Jaywing uses advanced data science innovatively and deep specialist knowledge collaboratively to deliver more powerful outcomes for its clients.

Our innovations

Two Artificial Intelligence (AI) products launched in 2016. We continue to innovate in this field, using cutting edge technology and advanced mathematics to gather data, analyse it and make millions of individual decisions in real time.

Future innovations will tackle regulatory issues, such as GDPR as well as adding to our technology stacks.

Our services

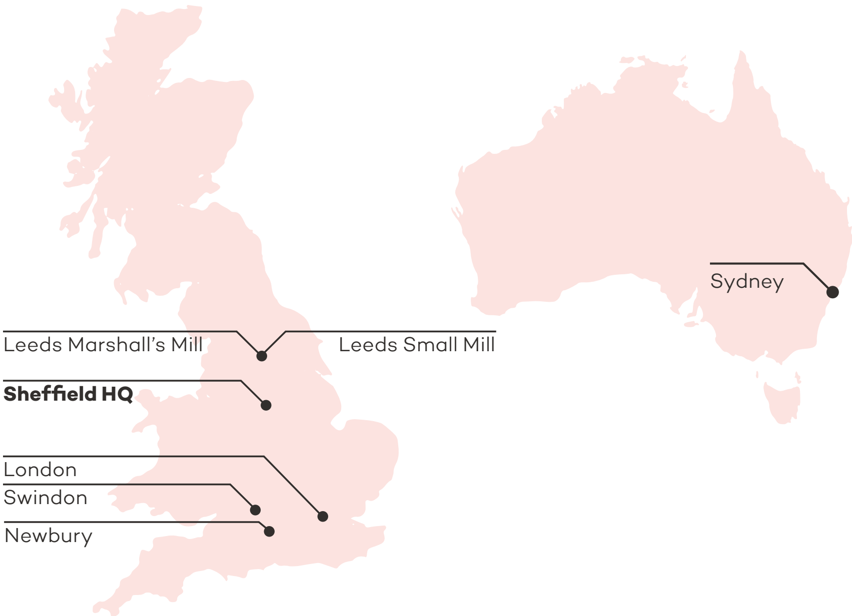
Marketing Agency:
performance, brand-led

Data science consultancy:
marketing, risk, data management, business intelligence

Technology:
martech, regtech, risktech, datatech

Our locations

Our locations allow us to service clients across the UK, including competing clients from different locations, as well as in Australia's burgeoning market.



Our business model

Highly collaborative culture

650+ people

1 in 10 is an experienced data scientist

Focus on cross sales: 1 in 3 of top 50 clients buys more than one of our services

Focus on recurring revenues: 2/3 visible 6 months in advance, 1/2 visible 12 months in advance

Low concentration risk in clients and sectors

Strong cash generation

Net debt down 1/3

Low gearing

Our strategy

Innovate:

By developing new applications of data science and new marketing technology

Scale:

Through international expansion, be that distributing our marketing technology via third parties or through the acquisition of complementary businesses

Grow:

By actively managing our client relationships and continuing to increase the level of cross sales

Our clients

We work across a diverse range of vertical markets including financial services, FMCG, travel and leisure, retail, entertainment, utilities, telecommunications, education, cultural, legal and automotive, sharing best practice where we find it and creating it where we don't.

We have a strong history of working with and transforming leading brands, with relationships lasting many years.

This page does not form part of the audited financial statements

Financial highlights from continuing operations

Revenue	Gross profit*	Adjusted EBITDA**	Adjusted EBITDA margin***
£44.54m	**£35.98m**	**£4.86m**	**13.5%**
(2016: £35.97m)	(2016: £31.79m)	(2016: £4.33m)	(2016: 13.6%)

(Loss) / profit after tax	Basic EPS on adjusted EBITDA#	Basic EPS	Net debt
(£2.98m)	**5.6p**	**(3.42p)**	**(£3.53m)**
(2016: £0.7m)	(2016: 5.7p)	(2016: 0.90p)	(2016: (£5.33m))

Highlights:

- Two strategically important acquisitions, the formation of a Marketing Technology division and an international footprint
- Strong cash generation, with net debt reduced by £1.79m, which now represents 0.7x EBITDA** (2016: 1.2x)
- Gross profit (fee income) up 13% to £35.98 million (2016: £31.79 million)
- Adjusted EBITDA up 12% to £4.86m (2016: £4.33m)
- Two thirds of gross profit visible six months in advance, half visible 12 months in advance
- Reported loss after tax £2.98m (2016: £0.70m profit) incurred after £2.90m of goodwill impairment charges and £1.11m of costs relating to acquisitions
- One in three of our top 50 clients buying more than one service line
- Small reduction in margin as a result of investment in Marketing Tech products

Outlook:

We have had a good start to the year in new business, particularly in Epiphany, and cross selling more widely, and the Australian business is growing ahead of the UK. We are however seeing some delay and caution in spend for a small number of clients, but overall we feel optimistic for the year ahead.

Commenting on the results, Ian Robinson, Chairman of Jaywing, said:

"It has been another year of significant progress for Jaywing. In the year ended 31 March 2017 we achieved growth in gross profit and EBITDA of 13% and 12% respectively, whilst net debt reduced by £1.8m on the back of strong cash generation and free cash flow of £2.9m. Our two acquisitions have provided the business with a dedicated Marketing Technology division and the first step in our international expansion.

We are also pleased to announce that we intend to implement a progressive dividend policy starting from the financial year ending 31st March 2018."

* Revenue less direct costs of sale
** Before share based charges, exceptional items and acquisition related costs
*** As a percentage of gross profit
\# Following issue of 10 million shares for Bloom acquisition

Chief Executive's Report

I'm pleased to report that in the last 12 months we have taken some important steps in creating the future shape of the business whilst delivering some impressive financials, in what has been one of the most tumultuous periods any of us can remember!

Jaywing today is a data science-led agency and consultancy with a marketing tech division and the beginnings of an international footprint. Together these provide scalability, access to faster growth and help in differentiating our digital agency services. Jaywing's technical innovation is underpinned by profitable, resilient and growing digital services and strong client relationships. This reduces the financial risk of investing in product development and ensures that products are developed in response to genuine client need.

Continued growth through collaboration

We achieved growth of 13% in gross profit and 12% in EBITDA. Taking out the impact of our acquisitions and our investment in the development of our marketing technology through the bottom line, we were able to maintain our organic EBITDA growth of 7%.

Our collaborative operating model has been key to this. One in three of our top 50 clients is now buying more than one proposition, which is up from one in four last year. We are also seeing a significant increase in the number of cross-propositional new business wins. In particular, we are finding that we are able to differentiate ourselves by integrating our marketing technology into our digital agency service offerings.

Our efforts have not gone unnoticed in the industry. It was great to see Jaywing named as 'Integrated Agency of the Year' at the annual Prolific North awards again in May of this year.

Once again the media and analysis segment saw the strongest growth with gross profit increasing by 20% including acquisitions and by 12% without. Epiphany, our search and online media division, performed well, particularly in programmatic display advertising. Our data science consultancy enjoyed strong demand from lenders for its IFRS9 compliance proposition. This was helped by the introduction of our Horizon modelling technology in October. Growing the media and analysis segment has been our focus for some years and now accounts for 60% of our gross profit, up from 33% three years ago.

Resilience and cash generation still strong

An attractive feature of the business is our high level of contracted recurring gross profit, two thirds of which is now visible six months in advance, with half visible 12 months in advance. Both of our acquisitions are performing well in this respect, which is perhaps no surprise as it was one of our key targeting criteria!

Client concentration risk remains low, with no one client accounting for more than 6% of our gross profit. We also take comfort from our sector concentration risk, which is also low.

Client concentration risk remains low, with no one client accounting for more than 6% of our gross profit.

Martin Boddy,
Chief Executive Officer

As a consequence of this, we continue to see strong cash generation. Net debt at the year end was £3.5m, a reduction of £1.8m from the previous year. Free cash flow was £3.0m.

Jaywing Intelligence

Following the acquisition of Bloom in September 2016, we have separated out its marketing technology from the digital agency and created a marketing tech division, which was rebranded as Jaywing Intelligence in May 2017. We now have a dedicated team working on the development of new marketing technology that incorporates the use of Artificial Intelligence and Virtual Reality.

Jaywing Intelligence enables marketers to make much faster, fully informed commercial decisions. It uses advanced mathematical algorithms and machine-learning to make automated real-time marketing decisions. In addition, 3D data visualisation through Virtual Reality helps bring complex analysis to life for our clients. It is already being used by more than 15 clients, including Sky, ITV, Anytime Fitness Australia and KPMG, across a variety of sectors.

Due to development requirements, we have chosen not to invest in CAPEX in the way we had originally intended and this has delayed anticipated revenues from new sales. The £700k we had earmarked for this will now largely be expensed through the profit and loss account this year and next.

Jaywing Intelligence sits neatly alongside our collaboration with the Data Science Institute at Imperial College London. Our three and a half year cognitive marketing research programme has continued during the year but has now been expanded to explore Artificial Intelligence. We have also used our Imperial College collaboration to generate paid work helping clients on their own innovation programmes.

Jaywing in Australia

In July 2016, we acquired a majority stake in Digital Massive, a search agency based in Sydney. It was rebranded Jaywing in March and its services have expanded following collaboration with our team of experts at Epiphany, our search marketing and online media division, in the UK.

Consequently, the team has been able to sell more services into existing clients and win larger contracts through their business development activities. This has resulted in growth rates that have exceeded both our expectations and the growth rates we are experiencing in the UK.

The next 12 months and beyond

Market conditions

Predictions of UK Digital Media Spend show continuing growth (7% CAGR to 2020) with Search and Display both predicted to grow well overall (7% and 12% respectively). Mobile platforms are the focus for this growth. Programmatic spend is projected to grow more quickly at 14% CAGR to 2020.

Growth rates in Digital ad spend are similar in Australia at 7% CAGR over the same period with the wider South-east Asia region projected to grow more rapidly at 13%. In addition, adoption rates for AI based technology in Marketing are significantly higher in the Asian region.

Clients' interest in digital investment fits well with the specialisms offered by Jaywing through our interdisciplinary teams, including an increased focus on measurement and attribution and continuing investment in predictive analytics.

Recent research also suggests that the creative and data-led sides of marketing are coming closer together as Chief Marketing Officers recognise the importance of both disciplines.

Some caution has recently crept into the market, however, with at least two commentators reducing their outlook for ad spend growth in the UK, citing political uncertainty as having a suppressing effect on clients' plans.

(Source eMarketer 2017).

General Data Protection Regulation (GDPR)

GDPR comes into force on 25 May 2018 putting increased responsibility and constraints on a brand's use of personal data, including a need for clear and conscious opt in.

It was great to see Jaywing named as 'Integrated Agency of the Year'

Martin Boddy,
Chief Executive Officer

Many organisations are relating to GDPR simply in terms of risk management as the regulation gives rise to the possibility of incurring large fines for non-compliance. However, GDPR is likely to have a significant impact on the volume of individuals that a brand can directly communicate with and therefore potentially threaten the commercial model of business to consumer brands.

Companies need to sort out their data processes, understand their customers through the use of data science and deliver exceptional brand led communications to gain customer opt in. Consequently, we believe that GDPR presents Jaywing with a considerable opportunity given the specialist skillsets that exist within the business spanning data science, digital marketing, brand communications, social media and paid digital media.

Outlook

In terms of new business, this financial year has started well, particularly in our search and online media division Epiphany, as has cross-selling. However, outside of our contracted revenues, a late Easter and snap election has delayed spend on a few client projects. In addition, we've seen a small number of our clients in the retail sector take a more cautious approach to their marketing spend. Internationally, our Australian operation continues to enjoy growth ahead of what we are seeing in the UK.

Overall, on balance we are cautiously optimistic that we will be able to continue to deliver growth this financial year. Beyond that, we remain very confident in Jaywing's future growth prospects.

Strategic update

Our strategy is to innovate, scale and grow

Innovate

Having created Jaywing Intelligence our immediate priority is to accelerate licence sales and the development work associated with doing that. Initially our sales effort will focus on existing Jaywing clients in the UK and Australia. However, to sell to other organisations, we will also adopt the sales and marketing approach used so effectively by Epiphany. Outside of Jaywing Intelligence we will continue to put our energies into our unique collaboration with the Data Science Institute at Imperial College London.

Scale

Our strategy here is to scale the business internationally through the distribution of our marketing technology products and the acquisition of complementary businesses.

This is critical in order to increase our market capitalisation, improve the liquidity of our stock and achieve a rating commensurate with a business of our quality. It is also important to provide us with access to higher growth opportunities outside the UK given that a number of commentators are now predicting that growth in digital media may slow in the UK over time.

We have had a number of encouraging conversations about product distribution with international agency groups, management consultancies and marketing automation providers. Whilst there was genuine interest in our tech it became evident that more development was required and more user cases were needed to enable third parties to use the products remotely and re-sell licences to their clients. This development work is now well progressed and we will pick up these conversations again once we have more user cases from our sales direct to clients.

Given the success we have seen with our acquisition in Australia, we are actively exploring the opportunity to invest in acquiring businesses in other overseas territories, or businesses that already have an established international footprint.

The key is to have a smart expansion strategy to acquiring complementary businesses. We will seek businesses with a good cultural fit that are led by motivated people who want to stay involved, which have good quality income streams and the opportunity for our marketing technology to add value and create consistency across territories in how our services are differentiated and delivered.

We now have a dedicated team working on the development of new marketing technology that incorporates the use of Artificial Intelligence and Virtual Reality.

Martin Boddy,
Chief Executive Officer

Grow

Taking encouragement from the exceptional levels of collaboration we are seeing across Jaywing, our aim is to create even greater client focus in order to increase our already impressive cross-sales ratio still further.

This will involve taking new approaches to client relationship management, workflow, financial reporting and incentivisation.

Board refresh

Jaywing has a strong and tight Executive team. The Board was enlarged to five members when Rob Shaw (CEO UK and Australia) and Adrian Lingard (COO) joined the Board in 2015 to give us the bandwidth to execute our strategy and achieve our ambition.

Having led the business as Chief Executive for the past five years I am moving into the role of Executive Chairman with immediate effect to allow the opportunity for Rob Shaw to progress to the role of Chief Executive Officer. Ian Robinson will stay on the Board as Deputy Chairman and Chair of Audit Committee. So, going forward the Board will comprise:

Martin Boddy
Executive Chairman

Rob Shaw
Chief Executive Officer

Michael Sprot
Chief Financial Officer

Adrian Lingard
Chief Operating Officer

Andy Gardner
Chief Strategy Officer
(with a particular focus
on international expansion)

Ian Robinson
Deputy Chairman and
Chair of Audit Committee

Philip Hanson
Independent Non-Exec Director
and Chair of Remuneration Committee

In summary, it has been another strong year financially and one in which we've made some excellent progress towards achieving our strategic goals. Today, Jaywing is a high quality and innovative data science led business with a high calibre management team and some amazing talent working collaboratively across it. Having built this platform, we have an ambitious strategy to scale the business and in so doing improve the rating and liquidity of our stock.

Finally, I'd like to thank all of our people for their ideas, enthusiasm and hard work as well as our investors and advisors for their continued support.

Martin Boddy

Chief Executive Officer
Jaywing plc

It has been another strong year financially and one in which we've made some excellent progress towards achieving our strategic goals.

Martin Boddy,
Chief Executive Officer

Chairman's Statement

Progress all round

I am delighted to report a year of significant progress for Jaywing in terms of both its business and financial strategies.

We have seen the benefit of our data science-led positioning and collaborative operating model in providing clients with innovative and seamlessly integrated solutions. This has resulted in one in three of our top 50 clients now buying more than one proposition. We have enjoyed organic EBITDA growth of 3%, although this includes an investment through the bottom line in the development of our Marketing Technology division. Excluding this expense, the organic EBITDA growth would have been 7%.

We have made two strategically important acquisitions. With Bloom we have acquired a number of innovative products and created a dedicated marketing technology division. Digital Massive, in Australia, now re-branded Jaywing, represents the beginning of our planned international expansion and is providing us with access to faster growth.

Financially, we achieved 13% growth in gross profit and a 12% growth in EBITDA overall. Cash generation was strong and resulted in a reduction of £1.8m in Net Debt, which ended the year at £3.5m. The Board considers this to be the appropriate time to announce a dividend policy, and is please to share its intention is to implement a progressive dividend policy starting from the financial year ending 31 March 2018.

Over the past five years the business has changed shape considerably and this has been reflected in improvements to the quality of our income and in our growth rates. The Board recognises the need for increasing scale to maximise its operational efficiency as well as improving value for shareholders. We have a bold strategy to "innovate, scale and grow" and will be working hard to execute it successfully in the next period.

Finally, on behalf of the Board, I would like to thank all of our colleagues - the "Jaywingers" - for their continuing support and hard work in helping us to achieve the significant progress we have made to date and for the progress we continue to make towards our strategic objectives.

Ian Robinson
Chairman

We have seen the benefit of our data science-led positioning and collaborative operating model in providing clients with innovative and seamlessly integrated solutions.

Ian Robinson,
Chairman

Strategic Report

Business review

Gross profit grew by 13% to £36.0m, an increase of £4.2m from the prior year (2016: £31.8m). If the impact of acquisitions is excluded, there was organic growth of 5%, from £31.8m to £33.5m. The adjusted operating performance line, before interest, tax, depreciation, amortisation, impairment, share based payment charges, loss before tax on disposal, exceptional items and acquisition related costs, shows EBITDA of £4.9m (2016: £4.3m). This is growth of 12%. The EBITDA margin has reduced slightly by 0.1%, and this is due to the ongoing investment in Jaywing Intelligence being through the P&L, rather than CAPEX as originally intended.

The consolidated cash flow statement shows Jaywing to have generated cash from operating activities of £3.9m (2016: £2.8m) after changes in working capital. This is shown in the table below.

	2017	2016
	£'000	£'000
(Loss) / profit after tax	**(2,981)**	705
Adjustments for:		
Depreciation, amortisation and impairment	**5,140**	1,910
Movement in provision	**6**	9
Foreign exchange	**16**	(18)
Financial expenses & income	**32**	251
Share-based payment expense	**1,141**	412
Taxation charge	**43**	369
Changes in working capital	**482**	(830)
Operating cash flow after changes in working capital	**3,879**	2,808

A loss after tax of £3.0m has been generated (2016: profit of £0.7m), which is principally explained by the impairment in the carrying value of goodwill in our Contact Centre. We have taken this decision following the loss of a major client in the year and a challenging outlook due to cost increases from a rent review, the national living wage and the apprenticeship levy. Over the period we have owned this business we have generated profits in excess of the amount paid.

We incurred £1.1m of one-off costs from the acquisitions of Digital Massive and Bloom, which are included within the loss after tax.

Jaywing continues to be cash generative from operating activities as shown in the table. Net debt has decreased from the prior year by £1.8m and is now £3.5m (2016: £5.3m). This is 0.7x adjusted EBITDA (2016: 1.2x).

Banking facilities comprise a term loan for £2.2m, a revolving credit facility for £3.5m and a bank overdraft of £2.0m. There was headroom of £4.2m at the year end.

The business operates in three segments: Agency Services, Media & Analysis and Central Costs. The segmental performance of our business in these practice areas is shown in Note 1 to the Consolidated Financial Statements, together with the comparative performance from the previous year.

The Media and Analysis segment, which represents 60% of Jaywing's total gross profit, has performed strongly again with gross profit growing by 20% from £18.0m to £21.6m and EBITDA growing by 11% from £5.4m to £6.0m. The Agency Services segment has also grown, with gross profit increasing by 4% and EBITDA increasing by 17%, due to the mix of revenues and a change in the management structure for the Content Marketing area.

The table below shows the adjusted operating profit of Jaywing analysed between the two half years and adjustments made against the reported numbers:

	Full year to 31 March 2017 £'000	Six months to 31 March 2017 £'000	Six months to 30 September 2016 £'000
Reported loss before tax	**(2,938)**	(2,734)	(204)
Interest	**32**	(78)	110
Amortisation	**1,761**	999	762
Depreciation	**473**	238	235
Impairment	**2,906**	2,906	-
Share based payment charge	**1,141**	768	373
Acquisition related costs	**1,115**	263	852
Exceptional costs	**396**	392	4
Adjusted operating profit	**4,886**	2,754	2,132
Deduct other income	**(26)**	(26)	-
Adjusted operating profit before other income	**4,860**	2,728	2,132

Excluding other income, Jaywing produced £2.8m adjusted operating profit after interest in the six months to 31 March 2017 and £2.1m in the first half.

The table below shows the trend of gross profit and EBITDA over the last four six-monthly periods:

Continuing business EBITDA	Six months to 31 March 2017 £'000	Six months to 30 Sept 2016 £'000	Six months to 31 March 2016 £'000	Six months to 30 Sept 2015 £'000
Revenue	23,642	20,895	18,922	17,051
Direct costs	(4,779)	(3,781)	(2,577)	(1,604)
Gross profit	18,863	17,114	16,345	15,447
Operating expenses excluding depreciation, amortisation, exceptional items, acquisition related costs and (credit)/ charges for share based payments	(16,135)	(14,982)	(13,819)	(13,640)
Operating profit before depreciation, amortisation, exceptional items, acquisition related costs and (credit)/ charges for share based payments	**2,728**	**2,132**	**2,526**	**1,807**

Impairment

As required by IAS 36, we have carried out an impairment review of the carrying value of our intangible assets and goodwill. We calculated our weighted average cost of capital with reference to long-term market costs of debt and equity and the Company's own cost of debt and equity, adjusted for the size of the business and risk premiums. Based on this calculation, a rate of 10.6% (2016: 13.5%) has been derived. This is applied to cash flows for each of the business units using growth rates in perpetuity of 2% from 2020/21. As a result of these calculations the Board has concluded that the carrying values of the HSM Limited goodwill on Jaywing's balance sheet needs to be impaired and therefore a charge of £2.9m has been made (2016: £nil).

Dividend policy

We intend to implement a progressive dividend policy. The first dividend is to be declared based on the results to 31 March 2018. Full details will be provided with the interim results in November 2017.

Key performance indicators

Over the last 12 months, the key areas of focus have been:

- improved resilience
- increased sales/cross sales
- strong cash generation
- international expansion
- technology development

Progress against these is described in the Chief Executive's report on page 7.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are outlined on page 18.

Overall it has been another strong year financially for Jaywing, with growth in both operating segments. The business continues to be cash generative, allowing net debt to be reduced. The share price has performed well, with the issue of equity for the acquisition of Bloom bringing in new institutional investors. We have also been more active with retail investors and as a result have seen an increase in the volume of trades.

By order of the Board.

Michael Sprot
Chief Financial Officer

4th July 2017

Board of Directors
Following publication of interim results

Ian Robinson (70)
Deputy Chairman

Ian is a Non-Executive Director of Gusbourne plc, an AIM listed English sparkling-wine business and a Non-Executive Director of TLA Worldwide plc, an AIM listed athlete representation and sports marketing business. He is Non-Executive Chairman of LT Pub Management plc, a privately owned pub and leisure asset management business. He is also a Director of a number of other privately owned businesses. Previously he was Chief Financial Officer of Carlisle Group's UK staffing and facilities services operations. He has held other senior financial appointments both in the UK and overseas. He is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Peat, Marwick, Mitchell & Co (now KPMG) in London.

Philip Hanson (60)
Non-Executive Director

Philip has extensive experience in marketing and e-commerce both in the UK and internationally, having held a number of senior roles in the FMCG and retail financial services sectors – latterly as Global Marketing & e-commerce Director for Travelex.

Philip is also Non-Executive Director of the Bettys & Taylors Group. He is a Director of the French and Australian entities of the Goelet family wine business (SCEA Domaine de Nizas and Red Earth Nominees Pty Ltd respectively). He was a Director of Travelex Card Services Ltd until December 2015. Philip joined the board on 27 April 2017.

Martin Boddy (52)
Executive Chairman

Martin was previously Marketing Director of Guardian Royal Exchange Group and a member of the senior marketing team that launched first direct. He went on to spend a number of years consulting on customer marketing in the UK and internationally before founding data analytics consultancy Alphanumeric Limited, now part of Jaywing plc, in 1999. Most recently he was CEO of Jaywing plc for five years.

Andy Gardner (54)
Chief Strategy Officer

Andy began his career in Operational Research before moving into financial services. Before co-founding Alphanumeric Limited with Martin, he was a member of the first direct senior management team and has also been both Credit Director and Customer Information Director for Egg.

Michael Sprot (37)
Chief Financial Officer

Michael joined the Company in February 2013 as Group Financial Controller and Company Secretary. Prior to joining Jaywing, he was Head of Commercial Finance at Vasanta Group, a multi-channel distributor of business supplies and services. Michael also gained experience of central and local government through his work at learndirect and South Yorkshire PTE after gaining his ACA qualification from PricewaterhouseCoopers (now PwC) in Sheffield. He was appointed CFO in July 2015.

Adrian Lingard (45)
Chief Operating Officer

Adrian joined Jaywing from first direct in 2000 and has spent his career understanding how to use data and decision science across a wide range of business problems and opportunities and in a wide range of market sectors. Having headed up Jaywing's Consulting business since 2010, he has considerable commercial management and planning experience and handles many of Jaywing's large-scale contract negotiations. Adrian started out at Yorkshire Bank and has broad banking and lending experience, having since worked with most of the UK's high street banks advising Senior Executives, Boards and Credit Committees on the use of data, insight, models and reporting to meet regulatory requirements and improve business performance. His experience further extends across Jaywing's key sectors.

Rob Shaw (46)
Chief Executive Officer

Rob has over 25 years' experience in the technology sector, particularly in the fields of digital and search marketing. Initially working in software development, Rob was responsible for the management of some of the UK's largest application developments, including the O2 mobile billing platform and the Student Loans system during his time as IT Director for Ventura, part of NEXT plc. Before becoming Jaywing's CEO for UK and Australia in July 2015, Rob was the CEO of Epiphany Solutions Limited, which was recognised as one of the fastest growing digital marketing agencies in the UK, with headcount rising from 26 to over 160 during his time as CEO. Epiphany was acquired by Jaywing plc in March 2014. Previously he was Managing Director of Latitude White, and Technology Director of the Latitude Group. Rob sits on the Google Agency Advisory Board and is a Non-Executive Director for Run for All, which was established by the late Jane Tomlinson CBE.

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Registered number: 05935923
Country of incorporation: England

Principal Risks and Uncertainties

General economic and business conditions

The sector in which the Group operates is sensitive both to general economic and business conditions and has been affected, along with others, by the performance of specific sectors such as financial services and retail.

The leave vote in the European referendum will create a great deal of uncertainty in the economy until such time as the Brexit negotiations are successfully concluded. This will inevitably lead to delays or reductions in the marketing spend of some clients. At this early stage it is impossible to quantify the risk but the Group has in recent years focused on improving its resilience, which will lessen any impact.

People

The operations of the Group are dependent upon the continuing employment of a number of senior management personnel. The future of the Group could depend upon the efforts and expertise of such individuals. The loss of the service of any key management personnel could have a material adverse effect on the business of the Group.

As the Group operates in a specialised sector, it is dependent on its ability to recruit personnel with adequate experience and technical expertise. However, as the supply of such personnel is limited, the Group encounters significant competition for the recruitment of suitably experienced and skilled personnel. The future results of the Group could depend significantly upon the recruitment of such personnel and a failure to do so could have a material adverse effect on the business of the Group.

To mitigate this risk, the Group's management team continues to move toward a cohesive culture, driven by its desire to remain a place where people want to work. In addition, Martin Boddy and Andy Gardner retain a significant percentage of their original consideration in shares in Jaywing plc. Furthermore, the key managers in our business participate in the Performance Share Plan share options programme and the Annual Bonus Programme, both of which reward performance and loyalty to the Group (see Directors' Remuneration Report).

Clients

The Group, has three main contractual relationships with its clients. Contracts of between six months and five years (typically 12 – 18 months) with monthly recurring revenues, contracts for specific projects, and framework agreements typically for a three year term but with no commitment from the client to spend. The focus has been to increase the proportion of recurring revenues – this now stands at 60% and the intention is to continue to increase this. To mitigate the risk of clients on framework agreements reducing or suddenly halting their spend, a well structured and experienced account management function is in place. Client concentration risk is low with no individual client accounting for more than 6% of total gross profit.

Competition

The Group faces competition from a wide range of entities including, specialist digital agencies, operating independently or as part of a global marketing group; data bureaux; and outsourcers. Each area of the Group has its own set of competitors against which it regularly pitches. In addition, there is an increasing number of opportunities that require a collective response. Over recent years we have achieved good conversion rates for both types of opportunity.

In a highly competitive market such as the UK, it is important to have some competitive advantage and ours comes in the form of data science led services and our collaborative approach. We've been able to leverage this very successfully in the Media & Analysis segment and are working to create more differentiation through the use of data science in our agency segment, where we face the most fierce competition.

Suitable acquisitions and access to capital

The Group's plans for continued expansion are based on organic growth and a selective and strategic acquisition policy. The availability of debt or equity finance to fund future acquisitions may be limited or difficult to obtain.

Execution

The ability of the Group to deliver incremental revenues through co-ordinated new business activity is dependent on the availability of key senior personnel to help convert leads and cross-refer business. The new business team has been centralised and the Jaywing business is working together in a collaborative style with a joined up relationship management approach.

Products and services

The digital marketing industry is characterised by constant change in terms of technology, online media and data. In this environment it is vital to be at the forefront of this change, otherwise it is easy to get left behind and experience falling demand for outdated products and services. The Group's future success will depend on its ability to adopt new technology, exploit new online media and harness the power of new data sets.

The Group is committed to innovating in data science led products and services and is actively dedicating resources to this. We have close relationships with online media owners (Google, Microsoft, Sky, etc.) and we get early sight of their new product developments as a consequence of the significant online media budgets that we manage on behalf of our clients. We have a strong team focused on the use of technology whose brief is to keep themselves abreast of new developments through their own research and through their relationships with technology providers.

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 March 2017.

Principal activity

The principal activity of the Company, and Group, during the year under review is that of digital marketing services.

Results and dividend

The Group's loss before taxation for the year ended 31 March 2017 was £2.9 million (2016: profit of £1.1 million). The Directors do not propose to pay a dividend.

Future developments

The future developments of the Group are referred to in the Chief Executive's Report on page 7 and the Strategic Report on page 13.

Going concern

The Directors have reviewed the forecast up to September 2018 which has been adjusted to take account of the current trading environment. The Directors consider the forecasts to be prudent and have assessed the impact of them on the Group's cash flow, facilities and headroom within its banking covenants. Furthermore, the Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities. Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Political donations

No political donations were made during the year (2016: £Nil).

Directors' interests

The present membership of the Board, together with biographies on each, is set out on page 9. All those Directors served throughout the year or from appointment. The Directors' interests in shares in the Company are set out in the Directors' remuneration report on page 23.

Directors' third party indemnity provisions

The Group maintains appropriate insurance to cover Directors' and Officers' liability. The Group provides an indemnity in respect of all the Group's Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Employees

The Group is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, gender, marital status, sexual orientation, race, colour, religion or belief.

It is the policy of the Group that individuals with disabilities, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

Employees of the Group and its subsidiaries are regularly consulted by local managers and kept informed of matters affecting them and the overall development of the Group.

The Group is committed to maintaining high standards of health and safety for its employees, customers, visitors, contractors and anyone affected by its business activities. Health and safety is on the agenda for all regularly scheduled Board meetings.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies, are given in note 33 to the consolidated financial statements.

Share capital

Details of the Company's share capital including rights and obligations attaching to each class of share are set out in note 21 of the consolidated financial statements.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than customary restrictions contained within the Company's Articles of Association and certain restrictions which may be required from time to time by law, for example, insider trading law. In accordance with the Model Code which forms part of the Listing Rules of the Financial Services Authority certain Directors and employees are required to seek the prior approval of the Company to deal in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. The Company's Articles of Association contain limited restrictions on the exercise of voting rights.

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders. The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Major interests in shares

As at 1 July 2017 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as shareholder of the Company:

	Number of voting rights	**2017 %**	2016 %
Lombard Odier Investment Managers Group	22,879,157	**26.3**	26.4
Lord Michael Ashcroft	21,419,737	**24.7**	24.7
J & K Riddell	5,372,638	**6.2**	7.0
A Gardner	4,987,470	**5.7**	6.5
M Boddy	4,916,667	**5.7**	6.4
Hargreave Hale Limited	4,513,000	**5.2**	5.1
H & J Spinks	3,508,772	**4.0**	4.6

Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take account of the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Annual General Meeting

Your attention is drawn to the Notice of Meeting enclosed with this Annual Report, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting.

Auditor

Each of the Directors at the date of approval of this Annual Report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Grant Thornton UK LLP, has indicated its willingness to remain in office, and a resolution that it be re-appointed will be proposed at the Annual General Meeting.

By Order of the Board

Michael Sprot
Director

4th July 2017

Directors' Remuneration Report

This report is prepared voluntarily by the Board. We do not comply with the UK Corporate Governance Code ("the Code"). However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the Code we consider to be relevant to the Group and best practice.

The Remuneration Committee

During the year the Remuneration Committee comprised:

Ian Robinson
(Chairman to 27 April 2017, continuing to serve on the committee)

Stephen Davidson
(resigned 27 April 2017)

Philip Hanson
(Chairman – appointed 27 April 2017)

The Code recommends that a remuneration committee should be composed of entirely independent Non-Executive directors.

Ian Robinson (who is affiliated with a major shareholder) is not regarded as independent under the Code. The Board does consider him to act independently with respect to remuneration issues.

The Committee met four times during the year. All meetings were attended by all serving members of the Committee.

The Committee seeks input from the Company Secretary. The Committee makes reference to external evidence of pay and employment conditions in other companies and is free to seek advice from external advisers.

Remuneration policy

The Group's policy on remuneration for the current year and, so far as is practicable, for subsequent years is set out below. However, the Remuneration Committee believes that it should retain the flexibility to adjust the remuneration policy in accordance with the changing needs of the business. Any changes in policy in subsequent years will be detailed in future reports on remuneration. The Group must ensure that its remuneration arrangements attract and retain people of the right calibre in order to ensure corporate success and to enhance shareholder value. Its overall approach is to attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to all its staff and encouraging its staff to hold shares in the Group. Pay levels are set to take account of contribution and individual performance, wage levels elsewhere in the Group and with reference to relevant market information. The Group seeks to reward its employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual performance targets. The Board believes that share ownership is an effective way of strengthening employees' involvement in the development of the business and bringing together their interests and those of shareholders. Executive Directors are rewarded on the basis of individual responsibility, competence and contribution and salary increases also take into account pay awards made elsewhere in the Group as well as external market benchmarking.

During the year to 31 March 2017 there were five Executive Directors on the Board in the roles below. Following the publication of the preliminary results, Martin Boddy became Executive Chairman and Rob Shaw became CEO.

Martin Boddy (Chief Executive)
Andy Gardner (Chief Strategy Officer)
Michael Sprot (Chief Financial Officer)
Rob Shaw (Chief Executive Officer UK & Australia)
Adrian Lingard (Chief Operating Officer)

The Executive Directors participate in a pension scheme but do not participate in any healthcare arrangements.

Performance-related elements form a part of the total remuneration packages and are designed to align Directors' interests with those of shareholders. In line with best practice and to bring Directors' and shareholders' interests further into line, Executive Directors and the management team are encouraged to maintain a holding of ordinary shares in the Company.

Non-Executive Directors' fees

Fees for Non-Executive Directors are determined by the Board annually, taking advice as appropriate and reflecting the time commitment and responsibilities of the role. The Chairman receives an annual fee of £40,000, and the Deputy Chairman £35,000. Non-Executive Directors' fees currently comprise a basic fee of £30,000 per annum.

Non-Executive Directors do not participate in the annual bonus plan, pension scheme or healthcare arrangements. The Company reimburses the reasonable expenses they incur in carrying out their duties as Directors.

Remuneration components – Executive Directors

A proportion of each Executive Director's remuneration is performance related. The main components of the remuneration package for Executive Directors are:

i. Basic salary

ii. Annual bonus plan

iii. Share options

Basic salary

Basic salary is set by the Remuneration Committee by taking into account the responsibilities, individual performance and experience of the Executive Directors, as well as the market practice for executives in a similar position. Basic salary is reviewed (but not necessarily increased) annually by the Remuneration Committee.

Annual bonus plan

The Executive Directors are eligible to participate in the annual bonus plan. The range of award is based on annual salary.

The performance requirements, for the ability to earn a bonus, are set by the Committee annually and are quantitative related measures based on stretching profit before tax targets.

Share options

The Committee believes that the award of share options aligns the interests of participants and shareholders. Awards are made to the Executive Directors with demanding performance criteria.

Directors' remuneration

The total amounts of the remuneration of the Directors of the Company for the years ended 31 March 2017 and 2016 are shown below:

31 March	**2017** **£**	2016 £
Aggregate emoluments	**944,256**	772,344
Sums paid to third parties for Directors' services	**40,000**	40,000
	984,256	812,344

The emoluments of the Directors are shown below:

31 March	2017 Fees and salary £	2017 Benefits in kind £	2017 Bonus £	**2017 Total £**	2016 Total £	**2017 Gain on exercise of share options £**	2016 Gain on exercise of share options £	**2017 Pension contri-butions £**	2016 Pension contri-butions £
Martin Boddy	179,104	-	21,000	**200,104**	167,030	**-**	-	**20,000**	39,999
Andy Gardner	163,902	-	21,000	**184,902**	167,030	**-**	-	**37,299**	39,999
Michael Sprot	101,250	-	16,000	**117,250**	100,692	**-**	-	**21,723**	3,848
Rob Shaw^	210,000	-	21,000	**231,000**	154,509	**-**	-	**-**	-
Adrian Lingard^	155,000	-	21,000	**176,000**	132,923	**-**	-	**70,990**	5,317
Charles Buddery#	-	-	-	**-**	15,160	**-**	-	**-**	-
Stephen Davidson*	35,000	-	-	**35,000**	35,000	**-**	-	**-**	-
Ian Robinson~	40,000	-	-	**40,000**	40,000	**-**	-	**-**	
Philip Hanson+	-	-	-	**-**	-	**-**	-	**-**	-
Total	**884,256**	-	**100,000**	**984,256**	812,344	**-**	-	**150,012**	89,163

+ appointed 27 April 2017
* resigned 27 April 2017
^ appointed 7 July 2015
# resigned 10 August 2015
~ paid to a third party for the Director's services

Directors' service agreements and letters of appointment

Contracts of service are negotiated on an individual basis as part of the overall remuneration package. The contracts of service are not for a fixed period. Details of these service contracts are set out below:

	Date of contract	Notice period	Company with whom contracted
Martin Boddy	1 March 2012	3 months	Jaywing plc
Andy Gardner	6 April 2012	3 months	Jaywing plc
Michael Sprot	20 December 2012	3 months	Jaywing plc
Adrian Lingard	1 April 2010	6 months	Alphanumeric Ltd
Rob Shaw	17 March 2014	6 months	Epiphany Solutions Ltd

In the event of termination of their contracts, each Director is entitled to compensation equal to their basic salary and bonus for their notice period.

Non-Executive Directors have letters of appointment, the details of which are as follows:

	Date of contract	Notice period	Company with whom contracted
Stephen Davidson (resigned 27 April 2017)	1 March 2012	3 months	Jaywing plc
Ian Robinson	21 May 2014	3 months	Jaywing plc
Philip Hanson	27 April 2017	3 months	Jaywing plc

Directors' interests in shares

The Directors' interests in the share capital of the Company are set out below:

31 March	**2017 Number of shares**	2016 Number of shares
Andy Gardner	**4,987,470**	4,987,470
Martin Boddy	**4,916,667**	4,916,667
Stephen Davidson	**1,650,453**	1,650,453
Ian Robinson	**370,267**	370,267
Michael Sprot	**18,519**	18,519

The table below sets out options granted under the PSP scheme:

	At 31 March 2017	At 31 March 2016	Exercise price	Normal date from which exercisable	Expiry date
Martin Boddy	496,000	526,000	5p	1-Aug-2016	30-Sep-2020
Andy Gardner	496,000	526,000	5p	1-Aug-2016	30-Sep-2020
Michael Sprot	710,000	299,000	5p	1-Aug-2016	30-Sep-2020
Adrian Lingard	1,156,303	409,000	5p	1-Aug-2016	30-Sep-2020
Rob Shaw	1,591,054	691,000	5p	1-Aug-2016	30-Sep-2020

Pensions

The Group operates a stakeholder pension scheme for staff. Martin Boddy, Andy Gardner, Michael Sprot and Adrian Lingard each received a contribution to a pension scheme.

Non-Executive directorships

The Company allows its Executive Directors to take a limited number of outside directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment.

Other related party transactions

No Director of the Group, except for Rob Shaw, has, or had, a disclosable interest in any contract of significance subsisting during or at the end of the year.

Disclosable transactions by the Company under IAS 24, Related Party Disclosures, are set out in note 31. There have been no other disclosable transactions by the Company and its subsidiaries with Directors of the Company or any of the subsidiary companies and with substantial shareholders since the publication of the last Annual Report.

Share price performance

The share price performance from 1 April 2012 is shown in the following graph:

By Order of the Board

Ian Robinson

4th July 2017

Corporate Governance

This report is prepared voluntarily by the Board and describes how the principles of corporate governance are applied.

The Board

For the year ended 31 March 2017, the Board currently comprises the Chairman Ian Robinson, Non-Executive Director Philip Hanson, Chief Executive Officer Martin Boddy, Chief Strategy Officer Andy Gardner, Chief Financial Officer Michael Sprot, Chief Executive Officer, UK & Australia Rob Shaw, and Chief Operating Officer Adrian Lingard. Short biographical details of each of the Directors are set out on page 16. The Board is responsible to the shareholders for the proper management of the Group and meets at least five times a year to set the overall direction and strategy of the Group. All strategic operational and investment decisions are subject to Board approval. Some of these roles changed following the publication of the interim results, see the CEO statement on page 12 for full details.

The roles of Chief Executive Officer and Chairman are separate and there is a clear division of their responsibilities. All Directors are subject to re-election at least every three years.

Board committees

Remuneration Committee
The Remuneration Committee comprises Philip Hanson (Chair) and Ian Robinson. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve as appropriate the contract terms, remuneration and other benefits of the Executive Directors and senior management and major remuneration plans for the Group as a whole.

The Code recommends that a remuneration committee should be composed of entirely independent Non-Executive Directors. Ian Robinson (who is affiliated with a major shareholder) is not regarded as independent under the Code. The Board does consider him to act independently with respect to remuneration issues.

The Remuneration Committee approves the setting of objectives for all of the Executive Directors and authorises their annual bonus payments for achievement of objectives. The Remuneration Committee approves remuneration packages sufficient to attract, retain and motivate Executive Directors required to run the Group successfully, but does not pay more than is necessary for this service.

The Remuneration Committee is empowered to recommend the grant of share options under the existing share option plan and to make awards under the long-term incentive plans. The Remuneration Committee considers there to be an appropriate balance between fixed and variable remuneration and between short-term and long-term variable components of remuneration. All the decisions of the Remuneration Committee on remuneration matters in the year ended 31 March 2017 were reported to and endorsed by the Board.

Further details of the Group's policies on remuneration and service contracts are given in the Directors' Remuneration report on pages 23 to 27.

Audit Committee

The Audit Committee comprises Ian Robinson (Chair) and Philip Hanson. By invitation, the meetings of the Audit Committee may be attended by the other Directors and the auditor. The Committee meets not less than twice annually. The Audit Committee oversees the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major audit recommendations and the independence and objectivity of the auditor.

Nomination Committee

The Nomination Committee comprises a majority of Non-Executive Directors. It met once during the year. It is responsible for nominating to the Board candidates for appointment as Directors, having regard for the balance and structure of the Board. The terms of reference for all committees are available on the Group's website.

Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Secretary.

Attendance at Board and Committee meetings

The Directors attended the following Board and Committee meetings during the year ended 31 March 2017.

	Board	Remuneration	Audit	Nomination
Total meetings held	6	4	3	-
Ian Robinson	6	4	3	-
Stephen Davidson (resigned 27 April 2017)	6	4	3	-
Martin Boddy	6	-	-	-
Andy Gardner*	4	-	-	-
Michael Sprot	6	-	3	-
Rob Shaw	6	-	-	-
Adrian Lingard	6	-	-	-

*Andy Gardner was working in Australia when two of the board meetings were held and was unable to attend

Board performance and evaluation

In addition to the re-election of Directors every three years, the Board has a process for evaluation of its own performance and that of its committees and individual Directors, including the Chairman.

Relationships with shareholders

The Board recognises the importance of effective communication with the Company's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Company communicates with investors through Interim Statements, audited Annual Reports, press releases and the Company's website investors.jaywing.com. Shareholders are welcome at the Company's AGM (notice of which is provided with this Report) where they will have an opportunity to meet the Board. The Company obtains feedback from its broker on the views of institutional investors on a non-attributed and attributed basis and any concerns of major shareholders would be communicated to the Board.

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

Management structure

There is a clearly defined organisational structure throughout the Group with established lines of reporting and delegation of authority based on job responsibilities and experience.

Financial reporting

Monthly management accounts provide relevant, reliable, up-to-date financial and non-financial information to management and the Board. Annual plans, forecasts and performance targets allow management to monitor the key business and financial activities and the progress towards achieving the financial objectives. The annual budget is approved by the Board.

Monitoring of controls

It is intended that the Audit Committee receives regular reports from the auditor and assures itself that the internal control environment of the Group is operating effectively. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. Significant capital projects and acquisitions and disposals require Board approval.

Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Employment

At a subsidiary level, each individual company has established policies that address key corporate objectives in the management of employee relations, communication and employee involvement, training and personal development and equal opportunity. The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors. Health and Safety is on the agenda for regularly scheduled plc Board and Operations Board meetings.

Environment

By their nature the Group's regular operations are judged to have a low environmental impact and are not expected to give rise to any significant inherent environmental risks over the next 12 months.

By Order of the Board

Michael Sprot
4th July 2016

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report, the Strategic 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 elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS101 "Reduced Disclosure Framework"). 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 UK Accounting Standards/IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 disclosure with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By Order of the Board

Michael Sprot
4th July 2017

Report of the Independent Auditor to the Members of Jaywing plc

We have audited the financial statements of Jaywing plc for the year ended 31 March 2017, which comprise the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the Company profit and loss account, the Company balance sheet, the Company statement of changes in equity and the related notes. 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. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS101 Reduced Disclosure Framework).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 March 2017 and of the Group's loss and the parent Company's profit for the year then ended;
- the 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 United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Paul Houghton
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP,
Statutory Auditor,
Chartered Accountants,
Sheffield

4th July 2017

Consolidated Financial Statements

Consolidated statement of comprehensive income

For the year ended 31 March Continuing operations	Note	2017 £'000	2016 £'000
Revenue	1	**44,537**	35,973
Direct costs		**(8,560)**	(4,181)
Gross profit		**35,977**	31,792
Other operating income	2	**26**	71
Operating expenses	3	**(38,909)**	(30,538)
Operating profit / (loss)		**(2,906)**	1,325
Finance income	4	**165**	-
Finance costs	5	**(197)**	(251)
Net financing costs		**(32)**	(251)
(Loss) / profit before tax		**(2,938)**	1,074
Tax expense	6	**(43)**	(369)
(Loss) / profit for the year from continuing operations	28	**(2,981)**	705
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on retranslation of foreign operations	27	**16**	(18)
Total comprehensive income for the period attributable to equity holders of the parent		**(2,965)**	687
(Loss) / profit per share			
Basic (loss) / profit per share	7	**(3.42p)**	0.90p
Diluted (loss) / profit per share		**(3.42p)**	0.83p

The accompanying notes form part of these consolidated financial statements.

Consolidated balance sheet

As at 31 March	Note	2017 £'000	2016 £'000	2015 £'000
Non-current assets				
Property, plant and equipment	13	**1,095**	744	685
Goodwill	14	**33,732**	30,446	30,446
Other intangible assets	15	**7,230**	6,562	8,065
		42,057	37,752	39,196
Current assets				
Trade and other receivables	16	**11,311**	10,150	7,530
Cash and cash equivalents		**2,216**	347	1,000
		13,527	10,497	8,530
Total assets		**55,584**	48,249	47,726
Current liabilities				
Other interest-bearing loans and borrowings	17	**4,750**	4,612	4,062
Trade and other payables	18	**11,768**	7,534	7,157
Current tax liabilities		**557**	452	355
Provisions	19	**173**	167	158
		17,248	12,765	11,732
Non-current liabilities				
Other interest-bearing loans and borrowings	17	**1,000**	1,063	2,126
Deferred consideration		**2,314**	-	-
Deferred tax liabilities	20	**1,229**	1,387	1,667
		4,543	2,450	3,793
Total liabilities		**21,791**	15,215	15,525
Net assets		**33,793**	33,034	32,201
Equity attributable to owners of the parent				
Share capital	21	**34,657**	34,139	34,139
Share premium	22	**9,108**	6,608	6,608
Capital redemption reserve	24	**125**	125	125
Shares purchased for treasury	23	**(25)**	(25)	(25)
Share option reserve	25	**504**	146	-
Minority interest	26	**1,513**	-	-
Foreign currency translation reserve	27	**19**	3	21
Retained earnings	28	**(12,108)**	(7,962)	(8,667)
Total equity		**33,793**	33,034	32,201

These financial statements were approved by the Board of Directors on 4 July 2017 and were signed on its behalf by:

Michael Sprot
Director
Company number: 05935923

The accompanying notes form part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March	Note	2017 £'000	2016 £'000
Cash flow from operating activities			
(Loss) / profit after tax		**(2,981)**	705
Adjustments for:			
Depreciation, amortisation and impairment		**5,140**	1,910
Movement in provision		**6**	9
Foreign exchange arising from translation of foreign subsidiary		**16**	(18)
Financial income		**(165)**	-
Financial expenses		**197**	251
Share-based payment expense	11	**1,141**	412
Taxation charge		**43**	369
Operating cash flow before changes in working capital		**3,397**	3,638
Increase in trade and other receivables		**(281)**	(2,667)
Increase in trade and other payables		**763**	1,837
Cash generated from operations		**3,879**	2,808
Interest received		**1**	-
Interest paid		**(197)**	(251)
Tax paid		**(549)**	(500)
Net cash flow from operating activities		**3,134**	2,057
Cash flow from investing activities			
Receipt / (payment) of deferred consideration		**151**	(1,728)
Acquisition of subsidiaries Digital Massive and Bloom net of cash acquired	12	**(3,694)**	-
Acquisition of property, plant and equipment	13	**(815)**	(469)
Net cash outflow from investing activities		**(4,358)**	(2,197)
Cash flows from financing activities			
Repayment of borrowings		**-**	(513)
Increase in borrowings		**75**	-
Proceeds from issue of share capital		**3,018**	-
Net cash inflow / (outflow) from financing activities		**3,093**	(513)
Net increase / (decrease) in cash and cash equivalents		**1,869**	(653)
Cash and cash equivalents at beginning of year		**347**	1,000
Cash and cash equivalents at end of year		**2,216**	347
Cash and cash equivalents comprise:			
Cash at bank and in hand		**2,216**	347
Bank overdrafts	16	**-**	-
Cash and cash equivalents at end of year		**2,216**	347

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury shares £'000	Minority interest £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2015	34,139	6,608	125	(25)	-	-	21	(8,667)	32,201
Loss for the period	-	-	-	-	-	-	-	(11)	(11)
Retranslation of foreign currency	-	-	-	-	-	-	32	-	32
Charge in respect of share based payments	-	-	-	-	-	80	-	-	80
Total comprehensive income for the period	-	-	-	-	-	80	32	(11)	101
Balance at 30 September 2015 (unaudited)	**34,139**	**6,608**	**125**	**(25)**	**-**	**80**	**53**	**(8,678)**	**32,302**
Charge in respect of share based payments	-	-	-	-	-	66	-	-	66
Transactions with owners	-	-	-	-	-	66	-	-	66
Profit for the period	-	-	-	-	-	-	-	716	716
Retranslation of foreign currency	-	-	-	-	-	-	(50)	-	(50)
Total comprehensive income for the period	-	-	-	-	-	-	(50)	716	666
Balance at 31 March 2016	**34,139**	**6,608**	**125**	**(25)**	**-**	**146**	**3**	**(7,962)**	**33,034**
Issue of share capital	518	2,500	-	-	-	-	-	-	3,018
Acquisition of subsidiaries	-	-	-	-	1,513	-	-	(1,165)	348
Charge in respect of share based payments	-	-	-	-	-	358	-	-	358
Transactions with owners	518	2,500	-	-	1,513	358	-	(1,165)	3,724
Loss for the period	-	-	-	-	-	-	-	(2,981)	(2,981)
Retranslation of foreign currency	-	-	-	-	-	-	16	-	16
Total comprehensive income for the period	-	-	-	-	-	-	16	(2,981)	(2,965)
Balance at 31 March 2017	**34,657**	**9,108**	**125**	**(25)**	**1,513**	**504**	**19**	**(12,108)**	**33,793**

The accompanying notes form part of these consolidated financial statements.

Principal Accounting Policies

Jaywing plc is a Company incorporated in the UK and is AIM listed.

The consolidated financial statements consolidate those of Jaywing plc and its subsidiaries (together referred to as the 'Group').

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies of the Group are set out below. The policies have remained unchanged from the previous year.

Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2016

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

Going concern

The Directors have reviewed the forecasts for the period up to 30 September 2018, which have been adjusted to take account of the current trading environment. The Directors consider the forecasts to be prudent and have assessed the impact of them on the Group's cash flow, facilities and headroom within its banking covenants. Furthermore, the Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities. Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions between subsidiary companies are eliminated on consolidation.

Revenue

Revenue for all business activities other than media planning and buying is recognised when performance criteria have been met in accordance with the terms of the contracts. Revenue is recognised on long-term contracts if their final outcome can be assessed with reasonable certainty, by including in profit or loss revenue and related costs as contract activity progresses. For contracts where the final outcome cannot be assessed with reasonable certainly, revenue is recognised to the extent of expenses recognised that are recoverable.

Media planning and buying

Revenue comprises gross billings to customers relating to media placements and fees for advertising services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client.

Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement. Incentive-based revenue typically comprises both quantitative and qualitative elements; on the element related to quantitative targets, revenue is recognised when the quantitative targets have been achieved; on elements related to qualitative targets, revenue is recognised when the incentive is receivable.

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable.

Recognition of revenue as principal or agent

The Directors consider that they act as a principal in transactions where the Group assumes the credit risk. Where this is via an agency arrangement and the Group assumes the credit risk for all billings it therefore recognises gross billings as revenue.

Foreign currency

Transactions in foreign currencies are translated into the entity's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Dilapidations provision

Provision is made for expected future dilapidations costs to property under operating leases. The estimated costs are capitalised within leasehold improvements and depreciated over the remaining lease term.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the consolidated financial statements together with estimates with a significant risk of material adjustment in the next year are discussed in note 32 to the consolidated financial statements.

Classification of instruments issued by the Group

Instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements - over period of lease

Motor vehicles - 4 years

Office equipment - 3 to 5 years

It has been assumed that all assets will be used until the end of their economic life.

Intangible assets and goodwill
All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal or contractual rights regardless of whether those rights are separable, and are initially recognised at fair value. Development costs incurred in the year that meet the criteria of IAS 38 are capitalised and amortised on a straight line basis over their economic life.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Customer relationships	- 4 to 12 years
Development costs	- 3 to 6 years
Trademarks	- 2 to 20 years
Order books	- 1 year

Impairment
For goodwill that has an indefinite useful life, the recoverable amount is estimated annually. For other assets, the recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is determined by assessing net present value of the asset based on future cash flows.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists.

Inventories
Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity on a first in first out basis. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Share-based payment transactions
The weighted average fair value for the EBITDA performance options was calculated using the Black-Scholes Merton Option Pricing Model model, and the fair value for the share price options was calculated using the Monte Carlo Model. This is charged to profit or loss over the vesting period of the award. The charge to profit or loss takes account of the estimated number of shares that will vest, and is reassessed at each reporting period. All share-based remuneration is equity settled. Provision is made for National Insurance when the Group is committed to settle this liability. The charge to profit or loss takes account of the options expected to vest, is deemed to arise over the vesting period and is discounted.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable

that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Expenses

Operating lease payments
Operating leases are leases in which substantially all the risks and rewards of ownership related to the asset are not transferred to the Group.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Net financing costs
Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue using the effective interest method.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Financial assets

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other receivables
Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments) that amounts will not be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Financial liabilities

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables
Trade payables are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Segmental reporting
The Group reports its business activities in two areas: Agency Services and Media & Analysis, its two primary business activities.

The Group derives its revenue from the provision of digital marketing services.

Standards and interpretations in issue at 31 March 2017 but not yet effective

The following standards and interpretations of relevance to the Group have been issued but are not yet effective and have not been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

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 adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Management have yet to finalise their assessment of the impact of these standards.

Other standards and interpretations in issue but not yet effective are not considered to have any relevance to the Group, other than IFRS 16 Leases and IFRS 15. A review of the standards issued but not yet effective will be conducted to determine the impact on the Group.

Share capital
Share capital represents the nominal value of shares that have been issued.

Share premium
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Capital redemption reserve
Capital redemption reserve represents the amount by which the nominal value of the shares purchased or redeemed is greater than proceeds of a fresh issue of shares.

Shares purchased for treasury
Represents the nominal value of the shares purchased by the Company.

Share option reserve
Represents the fair value charge of share options in issue.

Foreign currency translation reserve
Represents the exchange differences on retranslation of foreign operations.

Retained earnings
Retained earnings includes all current and prior period retained profits and share-based employee remuneration.

Notes to the Consolidated Financial Statements

1. Segmental analysis

The Group reports its business activities in two areas: Agency Services and Media & Analysis, its two primary business activities. Central Costs represents the Group's head office function, along with intragroup transactions.

The Group primarily derives its revenue from the provision of digital marketing services in the UK. Approximately £1,250,000 of sales were made to clients in Australia. During the year and prior year, no customer included within either sector accounted for greater than 10% of the Group's revenue.

For the year ended 31 March 2017	**Agency Services £'000**	**Media & Analysis £'000**	**Central Costs £'000**	**Total £'000**
Revenue	17,297	27,877	(637)	44,537
Direct costs	(2,901)	(6,296)	637	(8,560)
Gross profit	14,396	21,581	-	35,977
Operating expenses excluding depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	(11,812)	(15,617)	(3,688)	(31,117)
Operating profit before depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	**2,584**	**5,964**	**(3,688)**	**4,860**
Other operating income	26	-	-	26
Depreciation	(280)	(147)	(46)	(473)
Amortisation	(1,046)	(715)	-	(1,761)
Impairment to the carrying value of goodwill	(2,906)	-	-	(2,906)
Exceptional costs	(187)	(30)	(179)	(396)
Acquisition related costs	-	-	(1,115)	(1,115)
Charges for share-based payments	(107)	(135)	(899)	(1,141)
Operating (loss) / profit	(1,916)	4,937	(5,927)	(2,906)
Finance income				165
Finance costs				(197)
Loss before tax				(2,938)
Tax expense				(43)
Loss for the period				(2,981)

For the year ended 31 March 2016	Agency Services £'000	Media & Analysis £'000	Central Costs £'000	Total £'000
Revenue	15,700	21,218	(945)	35,973
Direct costs	(1,899)	(3,227)	945	(4,181)
Gross profit	13,801	17,991	-	31,792
Operating expenses excluding depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	(11,589)	(12,637)	(3,233)	(27,459)
Operating profit before depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	**2,212**	**5,354**	**(3,233)**	**4,333**
Other operating income	64	7	-	71
Depreciation	(270)	(114)	(23)	(407)
Amortisation	(861)	(642)	-	(1,503)
Exceptional costs	(75)	(24)	(471)	(570)
Acquisition related costs	(176)	(38)	27	(187)
Charges for share-based payments	-	-	(412)	(412)
Operating profit / (loss)	894	4,543	(4,112)	1,325
Finance income				-
Finance costs				(251)
Profit before tax				1,074
Tax expense				(369)
Profit for the period				705

Year ended 31 March 2017	Agency Services £'000	Media & Analysis £'000	Central Costs £'000	Total £'000
Assets	**29,404**	**31,722**	**(5,542)**	**55,584**
Liabilities	**(3,536)**	**(6,956)**	**(11,299)**	**(21,791)**
Capital employed	**25,868**	**24,766**	**(16,841)**	**33,793**

Year ended 31 March 2016	Agency Services £'000	Media & Analysis £'000	Central Costs £'000	Total £'000
Assets	24,484	29,325	(5,560)	48,249
Liabilities	(3,372)	(5,240)	(6,603)	(15,215)
Capital employed	21,112	24,085	(12,163)	33,034

Unallocated assets and liabilities consist predominantly of cash, external borrowings and deferred tax liabilities on intangible assets which have not been allocated to the business segments. All of the groups assets are based in the UK.

Capital additions; Property, plant and equipment	Agency Services £'000	Media & Analysis £'000	Central Costs £'000	Total £'000
Year ended 31 March 2017	**145**	**367**	**303**	**815**
Year ended 31 March 2016	257	159	53	469

2. Other operating income

	2017 £'000	2016 £'000
Other operating income	**26**	71

During the years to 31 March 2016 and 31 March 2017 the Group received money from the administrator of a client for a contractual obligation to perform services on their behalf. During the year the Group received a further distribution of £26,000. It is anticipated there may be further distributions in the future but the Board is unaware of the quantum or timing of these potential receipts.

3. Operating expenses

Continuing operations:	**2017 £'000**	2016 £'000
Wages and salaries	**24,809**	21,944
Share-based payments	**1,141**	412
Depreciation	**473**	407
Exceptional items	**310**	450
Amortisation	**1,761**	1,503
Impairment to the carrying value of goodwill	**2,906**	-
Other operating expenses	**7,423**	5,353
	38,823	30,069
Deferred consideration write-off	**-**	349
Compensation for loss of office	**86**	120
	86	469
	38,909	30,538

Wages and salaries include £305,000 (2016: £Nil) of post-acquisition employment costs relating to the purchase of Massive Group Pty Ltd, £Nil (2016: £175,000) of post-acquisition employment costs relating to the purchase of Iris Associates Limited, and £Nil (2016: £38,000) of post-acquisition employment costs relating to the purchase of Epiphany Solutions Limited.

4. Finance income

	2017 £'000	2016 £'000
Interest income	**1**	-
Finance charge on acquisition	**164**	-
Total	**165**	-

5. Finance costs

	2017 £'000	2016 £'000
Interest expense	**191**	251
Finance charge on acquisition	**6**	-
Total	**197**	251

6. Tax expense

	2017 £'000	2016 £'000
Recognised in the consolidated statement of comprehensive income:		
Current year tax	**533**	601
Origination and reversal of temporary differences	**(490)**	(232)
Total tax charge	**43**	369
Reconciliation of total tax charge:		
(Loss) / profit before tax	**(2,938)**	1,074
Taxation using the UK Corporation Tax rate of 20% (2016: 20%)	**(588)**	215
Effects of:		
Non deductible expenses	**402**	137
Share based payment charges	**229**	-
Other	**-**	39
Prior year adjustment	**-**	(22)
Total tax charge	**43**	369

7. (Loss) / profit per share

	2017 Pence per Share	2016 Pence per Share
Basic	**(3.42p)**	0.90p
Diluted	**(3.42p)**	0.83p

(Loss) / profit per share has been calculated by dividing the (loss) / profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The calculations of basic and diluted (loss) / profit per share are:

	2017 £'000	2016 £'000
(Loss) / profit for the year attributable to shareholders	**(2,965)**	687

Weighted average number of ordinary shares in issue:

	2017 Number	2016 Number
Basic	**86,709,898**	76,259,763
Adjustment for share options	**7,959,291**	6,067,000
Diluted	**94,669,189**	82,326,763

The basic and diluted earnings per share are the same due to the Group being loss making.

Adjusted earnings per share

	2017 Pence per Share	2016 Pence per Share
From continuing and discontinued operations:		
Basic adjusted earnings per share	**3.95p**	3.38p
Diluted adjusted earnings per share	**3.62p**	3.13p

Adjusted earnings per share have been calculated by dividing the profit attributable to shareholders before amortisation, charges for share options and acquisition related costs during the year by the weighted average number of ordinary shares in issue during the year. The numbers used in calculating the basic and diluted adjusted earnings per share are reconciled below:

	2017 £'000	2016 £'000
(Loss) / profit before tax	**(2,965)**	1,074
Amortisation	**1,761**	1,503
Impairment to the carrying value of goodwill	**2,906**	-
Acquisition related costs	**1,115**	187
Charges for share-based payments	**1,141**	412
Adjusted profit attributable to shareholders	**3,958**	3,176
Current year tax charge	**(533)**	(601)
Total	**3,425**	2,575

8. Expenses and auditor's remuneration

	2017 £'000	2016 £'000
The following are included in profit before tax:		
Depreciation of property, plant and equipment	**473**	407
Amortisation of other intangible assets	**1,761**	1,503
Compensation for loss of office	**86**	120
Employee emoluments	**25,950**	22,356
Auditor's remuneration:		
Audit of company financial statements	**28**	26
Other amounts payable to the auditor and its associates in respect of:		
Audit of subsidiary company financial statements	**102**	68
Audit related assurance services	**13**	13
Taxation compliance services	**31**	26
Taxation advisory services	**23**	4
Due diligence services	**52**	-

Amounts paid to the Group's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed separately as the information is required instead to be disclosed on a consolidated basis.

9. Key management personnel compensation

Key management of the Group is considered to be the Board of Directors and the Operations Board.

	2017 £'000	2016 £'000
Short term benefits:		
Salaries including bonuses	**2,173**	1,782
Social security costs	**285**	228
Total short term benefits	**2,458**	2,010
Share-based payment charge	**1,085**	412
Post-employment benefits:		
Defined contribution pension plan	**209**	115
Key management compensation	**3,752**	2,537

Further information in respect of Directors is given in the Directors' Remuneration Report on page 23.

	2017 £'000	2016 £'000
Remuneration in respect of Directors was as follows:		
Emoluments receivable	**944**	772
Fees paid to third parties for Directors' services	**40**	40
Company pension contributions to money purchase pension schemes	**150**	89
	1,134	901

During the current period and the prior year there were no benefits accruing to directors in respect of the defined contribution pension scheme.

The highest paid Director received remuneration of £247,000 (2016: £207,000).

10. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

Continuing operations:	**2017 Number**	2016 Number
Management and administration	**92**	77
Call centre operatives	**195**	229
Account management and production	**298**	241
Information strategists	**57**	52
	642	599

The aggregate payroll costs of these persons were as follows:

	2017 £'000	2016 £'000
Wages and salaries	**21,752**	19,394
Social security costs	**2,292**	1,966
Other pension costs	**765**	584
Share option charges – PSP Options (see note 11)	**1,054**	381
Share option charges – Employers NI (see note 11)	**87**	31
	25,950	22,356

11. Employee benefits

The Company grants share options under the Jaywing plc Performance Share Plan, more details of which are given in the Directors' Remuneration Report.

Details of the share options granted during and outstanding at the end of the year are as follows:

	2017 Number of share options	**2017 Weighted average exercise price**	2016 Number of share options	2016 Weighted average exercise price
At start of the year	**6,067,000**	**5.0p**	6,771,000	5.0p
Issued during the year	**7,459,357**	**5.0p**	-	-
Exercised during the year	**(350,513)**	**5.0p**	-	-
Lapsed during the year	**(5,216,553)**	**5.0p**	(704,000)	5.0p
At end of the year	**7,959,291**	**5.0p**	6,067,000	5.0p
Exercisable at end of year	**185,869**	**5.0p**	Nil	-

Share options outstanding at the end of the year have an exercise price of 5 pence. Awards of share options are made on an individual basis with particular performance criteria relevant to the participant. Options are usually granted for a maximum of five years.

Share options outstanding at the year-end were as follows:

As at 31 March 2017		**Period of exercise**	
Number	**Exercise price**	**From**	**To**
7,959,291	5.0p	01/04/2017	30/09/2020

As at 31 March 2016		**Period of exercise**	
Number	**Exercise price**	**From**	**To**
6,067,000	5.0p	01/08/2016	30/09/2020

On 4 May 2016 and 30 September 2016, share options were granted to employees in order to incentivise performance. These share options will vest based upon conditions which relate to either EBITDA performance in the period commencing 1 April 2016, or the share price at various future dates.

Charge to the statement of comprehensive income

Under IFRS 2, the Group is required to recognise an expense in the relevant company's financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant.

For the awards made, the Group commissioned an independent valuation from American Appraisal UK Limited, using a trinomial valuation model, and adopted their findings.

The weighted average fair value for the EBITDA performance options was calculated using the Black-Scholes Merton Option Pricing Model model, and the fair value for the share price options was calculated using the Monte Carlo Model. The following inputs were used:

	2017 £'000
Share price at date of grant	**32.5p / 30.0p**
Exercise price	**5.0p**
Expected volatility	**30%**
Dividend yield	**0%**
Risk free rate	**0.102% to 0.459%**
Option life	**2 years / 3 years**

Expected volatility was determined by calculating the standard deviation of the share price multiplied by the square root of the relevant time period of the option grant to give an indication of the share price volatility. The risk free rate was calculated using the yield on long dated UK Government Treasury Gilts at each date of grant.

The fair value of the EBITDA performance options was calculated between 23.04p and 23.12p, depending on the period to which the options relate.

The fair value of the share price options was calculated as 6.13p.

12. Acquisition of subsidiaries

During the year the Group made two acquisitions. On 8 July 2016 Jaywing plc acquired 75% of the ordinary shares in Massive Group Pty Ltd ("Digital Massive") for cash consideration of AUS$2,667,000 (£1,558,000) (excluding legal and professional fees of £412,000 which have been expensed through the statement of comprehensive income in administration expenses in the year). AUS$2,000,000 (£1,144,000) of this was paid on completion, with a further AUS$667,000 (£414,000) paid in October 2016. Additional consideration is payable, separate to the acquisition costs, for the continuing employment and future services provided by the former owners of Digital Massive. The amount recognised in the statement of comprehensive income as an expense during the year is £305,000, which represents the total amount earned as at 31 March 2017. This amount has been provided for within accruals and deferred income. Further amounts are payable as they are earned up to a maximum amount of AUS$1,500,000, including the AUS$500,000 (£305,000) recognised during the year, up until July 2018.

The final 25% of the share capital is subject to a put / call option from July 2020. This will be valued at a multiple of the average audited EBITDA for the previous two financial years, subject to a maximum total consideration payable of AUS$12 million for the entire business.

Jaywing had a small search marketing team in Sydney and knows the market well. The acquisition of Digital Massive allows Jaywing to consolidate its existing client relationships and take full advantage of the rapidly growing market in Australia. In time, it will also provide the opportunity for the Group to distribute a broader set of its UK products and services.

In the period since acquisition, the subsidiary contributed £1,064,000 to Group revenues, £310,000 of EBITDA and £310,000 to the consolidated profit attributable to shareholders for the year ended 31 March 2017. The assets and liabilities acquired were as follows:

	Book value £'000	Fair value adjustments £'000	**Fair value £'000**
Intangible assets	-	496	496
Property, plant & equipment	1	-	1
Trade and other receivables	132	-	132
Cash and cash equivalents	146	-	146
Trade and other payables	(110)	-	(110)
Corporation tax repayable	-	-	-
Deferred tax	-	-	-
Net identifiable assets and liabilities			**665**
Goodwill on acquisition			1,895
			2,560

Summary of net cash outflow from acquisitions:	
Cash paid	1,558
Cash acquired	(146)
Net cash outflow	**1,412**

Fair value of consideration transferred	
Amount settled in cash	1,558
Fair value of deferred consideration	271
Minority interest	731
Total	**2,560**

The fair value of trade and other receivables are equal to the gross contractual amounts receivable and at the acquisition date all amounts were expected to be collected.

The goodwill amount represents intangible assets that do not qualify for recognition through the separability criterion or the contractual-legal criterion. This consists of cross-selling opportunities and expected synergies.

On 31 August 2016 Jaywing plc acquired 100% of the ordinary shares in Bloom Media (UK) Limited ("Bloom") for cash consideration of £2,407,000 (excluding legal and professional fees of £224,000, which have been expensed through the statement of comprehensive income in administration expenses in the year). This was all paid on completion. Additional consideration is payable, separate to the acquisition costs, for the continuing employment and future services provided by the former owners of Bloom. Further amounts are payable as they are earned up to a maximum amount of £5,750,000, up until July 2018.

A new company, Jaywing Innovations Ltd ("JI") was incorporated to run the Company's MarTech strategy. This is owned 75% by Jaywing, and 25% by management. On 31 August 2016, the products owned by Bloom and the Almanac product owned by Jaywing were hived across into the company.

The 25% of the share capital owned by management is subject to a put / call option from July 2020. This will be valued at a multiple of the average audited EBITDA for the previous two financial years, subject to a maximum total consideration payable of £4 million for the 25% stake.

The acquisition of Bloom is expected to accelerate the Group's strategy and will provide Jaywing with a suite of innovative digital products, including a social media and behavioural analytics tool. The acquisition also brings significant expertise to the Group. Alex Craven, founder of Bloom, will remain employed in the business and will be responsible for leading the development of the Group's enlarged product set. The acquisition will also increase Jaywing's scale in digital marketing in the UK and is expected to provide opportunities to cross-sell existing products and services into the Bloom client base.

In the period since acquisition the subsidiary contributed £1,817,000 to Group revenues, £271,000 to EBITDA and £134,000 to the consolidated profit attributable to shareholders for the year ended 31 March 2017. The assets and liabilities acquired were as follows:

	Book value £'000	Fair value adjustments £'000	**Fair value £'000**
Intangible assets	47	1,826	1,873
Property, plant & equipment	8	-	8
Trade and other receivables	841	-	841
Cash and cash equivalents	125	-	125
Trade and other payables	(393)	-	(393)
Corporation tax asset	(36)	-	(36)
Deferred tax	-	(310)	(310)
Net identifiable assets and liabilities			**2,108**
Goodwill on acquisition			4,287
			6,395

Summary of net cash outflow from acquisitions:	
Cash paid	2,407
Cash acquired	(125)
Net cash outflow	**2,282**

Fair value of consideration transferred	
Amount settled in cash	2,407
Fair value of deferred consideration	3,205
Minority interest	783
Total	**6,395**

The fair value of trade and other receivables are equal to the gross contractual amounts receivable and at the acquisition date all amounts were expected to be collected.

The goodwill amount represents intangible assets that do not qualify for recognition through the separability criterion or the contractual-legal criterion. This consists of cross-selling opportunities and expected synergies.

The results for the Group had the acquisitions during the year been at the beginning of the year can be analysed as follows:

	Agency Services £'000	Media & Analysis £'000	Unallocated £'000	Total £'000
Revenue	18,789	28,157	(637)	46,309
Direct costs	(3,225)	(6,339)	637	(8,927)
Gross profit	15,564	21,818	-	37,382
Operating expenses excluding depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	(12,688)	(15,751)	(3,688)	(32,127)
Operating profit before depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	**2,876**	**6,067**	**(3,688)**	**5,255**
Other operating income	26	-	-	26
Depreciation	(283)	(147)	(46)	(476)
Amortisation	(1,057)	(715)	-	(1,772)
Impairment to the carrying value of goodwill	(2,906)	-	-	(2,906)
Exceptional costs	(187)	(30)	(179)	(396)
Acquisition related costs	-	-	(1,115)	(1,115)
Charges for share-based payments	(107)	(135)	(843)	(1,085)
Operating profit / (loss)	(1,638)	5,040	(5,871)	(2,469)
Finance income				1
Finance costs				(191)
Loss before tax				(2,659)
Tax expense				(43)
Loss for the period				(2,702)

Note: This information is based on the management accounts for Digital Massive and Bloom.

13. Property, plant and equipment

	Leasehold improvements £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost				
At 1 April 2016	782	12	1,377	2,171
Additions	18	-	451	469
Disposals	-	(12)	(245)	(257)
At 31 March 2016	800	-	1,583	2,383
Additions	416	-	399	815
Acquisition of subsidiaries	-	-	204	204
Disposals	(2)	-	(160)	(162)
At 31 March 2017	**1,214**	**-**	**2,026**	**3,240**
Depreciation				
At 1 April 2015	516	9	961	1,486
Depreciation charge for the year	106	-	301	407
Depreciation on disposals	-	(9)	(245)	(254)
At 31 March 2016	622	-	1,017	1,639
Depreciation charge for the year	125	-	348	473
Acquisition of subsidiaries	-	-	195	195
Depreciation on disposals	(2)	-	(160)	(162)
At 31 March 2017	**745**	**-**	**1,400**	**2,145**
Net book value				
At 31 March 2017	**469**	**-**	**626**	**1,095**
At 31 March 2016	178	-	566	744
At 1 April 2015	266	3	416	685

The assets are covered by a fixed charge in favour of the Group's lenders.

14. Goodwill

	Goodwill £'000
Cost and net book value	
At 1 April 2016	30,446
Additions	6,192
Impairment	(2,906)
At 31 March 2017	33,732

Goodwill is attributed to the following cash generating units:

	2017 £'000	2016 £'000	2015 £'000
Agency Services			
Digital Media & Analytics Limited	438	438	438
Scope Creative Marketing Limited	5,550	5,550	5,550
Jaywing Central Limited	5,817	5,817	5,817
HSM Limited	295	3,201	3,201
Gasbox Limited	273	273	273
Bloom Media (UK) Limited	4,297	-	-
Media & Analysis			
Epiphany Solutions Limited	5,825	5,825	5,825
Alphanumeric Limited	9,342	9,342	9,342
Massive Group PTY	1,895	-	-
	33,732	30,446	30,446

Goodwill and other intangible assets have been tested for impairment by assessing the value in use of the relevant cash-generating units. The value in use calculations were based on projected cash flows in perpetuity. Budgeted cash flows for 2016/17 to 2019/20 were used. These were based on a one year budget with growth rates of 5% to 10% applied for the following three years. Subsequent years were based on a reduced rate of growth of 2% into perpetuity.

The average year on year growth in earnings before interest, tax, depreciation and amortisation (EBITDA) that has been used as the basis for forecasting cash flows for each of the cash-generating units when testing for impairment were:

	Year on year growth
2016/17	**5.0% - 10%**
2017/18	**5.0% - 10%**
2018/19	**2.5% - 10%**
Perpetuity	**2.0%**

These growth rates are based on past experience and market conditions and discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash-generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

The discount rate used to test the cash-generating units was the Group's pre-tax Weighted Average Cost of Capital ("WACC") of 10.6% (2016:13.5%). The individual cash-generating units were assessed for risk variances from the WACC, but in the absence of geographical risk, currency risk and any significant price risk variations, the same WACC was used for all the cash-generating units.

As a result of these tests an impairment of £2,906,000 was considered necessary on HSM Limited (2016: £Nil).

The Directors have performed a sensitivity analysis in relation to the WACC used, which showed that an impairment would be required for WACCs of 14% and above in other cash-generating units. At a discount rate of 15% a charge of £213,000 would be required.

The Directors have also performed a sensitivity analysis in relation to the year on year growth in EBITDA. If the growth rates were to be reduced by 1% in each cash-generating unit no impairment charge would be required.

15. Other intangible assets

	Customer relationships £'000	Order books £'000	Trademarks £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2015	21,348	1,457	1,025	235	24,065
Additions during the year	-	-	-	-	-
Disposal	-	-	-	-	-
At 31 March 2016	21,348	1,457	1,025	235	24,065
Additions during the year from acquisitions	1,821	-	55	493	2,369
Additions during the year	-	-	-	60	60
Disposal	-	-	-	-	-
At 31 March 2017	**23,169**	**1,457**	**1,080**	**788**	**26,494**
Amortisation					
At 1 April 2015	14,327	1,457	53	163	16,000
Disposals	-	-	-	-	-
Amortisation charge for the year	1,416	-	51	36	1,503
At 31 March 2016	15,743	1,457	104	199	17,503
Amortisation charge for the year	1,584	-	67	110	1,761
Disposals	-	-	-	-	-
At 31 March 2017	**17,327**	**1,457**	**171**	**309**	**19,264**
Net book amount					
At 31 March 2017	**5,842**	**-**	**909**	**479**	**7,230**
At 1 April 2016	5,605	-	921	36	6,562
At 1 April 2015	7,021	-	972	72	8,065

The cost of brought forward customer relationships was determined as at the date of acquisition of the subsidiaries by professional valuers. The valuations used the discounted cash flow method, assuming rates of customer attrition at 10% and sales growth at 2% each year. The discount rate applied at that time to the future cash flows were specific to each subsidiary and were all in the range 14.6% to 15.5%.

Trademarks represent the trading names used by the company. These are estimated to have an economic life of 20 years. The valuation used the discounted cash flow method, assuming an estimated royalty rate of 2% and sales growth of 2% each year. The valuation assumes that each year 80% to 90% of revenues are generated using the Trademark and applied a discount rate of 19%.

The order book represents contracted revenues over the next 12 months. The valuation used the discounted cash flow method, assuming a net operating profit margin of 30.5%. The discount rate applied was 15.8%.

Goodwill and other intangible assets have been tested for impairment. The method, key assumptions and results of the impairment review are detailed in note 14. On the basis of this review, it has been concluded that there is no need to impair the carrying value of these intangible assets (2016: £Nil).

16. Trade and other receivables

	2017 £'000	2016 £'000	2015 £'000
Trade receivables	**8,856**	8,328	6,016
Prepayments and accrued income	**2,309**	1,580	872
Deferred tax	**107**	85	133
Other receivables	**39**	157	509
	11,311	10,150	7,530

The carrying amount of trade and other receivables approximates to their fair value.

Trade and other receivables comprising financial assets are classified as loans and receivables.

All trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired so a provision of £96,000 (2016: £92,000; 2015: £191,000) has been recorded accordingly. Trade and other receivables which are not impaired or past due are considered by the Group to be of good credit quality.

The movement in the allowance for estimated irrecoverable amounts can be reconciled as follows:

	2017 £'000	2016 £'000
Balance at start of the year	**92**	191
Amounts written off (uncollectible)	**(104)**	(83)
Impairment loss reversed	**(8)**	(49)
Impairment loss	**116**	33
Balance at end of the year	**96**	92

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2017 £'000	2016 £'000	2015 £'000
Not more than three months	**1,820**	549	2,238
More than three months but not more than six months	**94**	16	165
More than six months but not more than one year	**68**	-	24
More than one year	**-**	-	4
	1,982	565	2,431

17. Bank and overdraft, loans and borrowings

	2017 £'000	2016 £'000	2015 £'000
Summary			
Borrowings	**5,750**	5,675	6,188
	5,750	5,675	6,188
Borrowings are repayable as follows:			
Within one year			
Borrowings	**4,750**	4,612	4,062
Total due within one year	**4,750**	4,612	4,062
In more than one year but less than two years	**1,000**	1,063	1,063
In more than two years but less than three years	**-**	-	1,063
In more than three years but less than four years	**-**	-	-
Total amount due	**5,750**	5,675	6,188

Average interest rates at the balance sheet date were:	**%**	%	%
Term loan	**2.61**	3.56	3.56
Revolver loan	**2.51**	3.51	3.51

As the loans are at variable market rates their carrying amount is equivalent to their fair value.

The additional borrowing facilities available to the Group at 31 March 2017 was £2.0 million (2016: £2.0 million) and, taking into account cash balances within the Group companies, there was £4.2 million (2016: £2.3 million) of additional available borrowing facilities.

A Composite Accounting System is set up with the Group's bankers, which allows debit balances on overdraft to be offset across the Group with credit balances.

Reconciliation of net debt

	1 April 2016 £'000	**Cash flow £'000**	**Non-cash items £'000**	**31 March 2017 £'000**
Cash and cash equivalents	347	1,869	-	**2,216**
	347	1,869	-	**2,216**
Borrowings	(5,675)	(75)	-	**(5,750)**
Net debt	(5,328)	1,794	-	**(3,534)**

18. Trade and other payables

	2017 £'000	2016 £'000	2015 £'000
Trade payables	**3,665**	1,952	1,337
Tax and social security	**1,673**	1,522	1,483
Other payables, accruals and deferred income	**6,430**	4,060	4,337
	11,768	7,534	7,157

The carrying amount of trade and other payables approximates to their fair values. All amounts are short term.

19. Provisions

	2017 £'000	2016 £'000	2015 £'000
At start of the year	**167**	158	131
Additional provisions	**6**	9	27
At end of the year	**173**	167	158
Total provisions are analysed as follows:			
Current	**173**	167	158
	173	167	158

At 31 March 2017 a provision of £173,000 (2016: £167,000) was recognised for dilapidations costs expected to be incurred on exit of properties. The provision has been estimated based on the costs already incurred to bring the property to its current condition. The estimated costs have not been discounted as the impact is not considered to be significant. There are no significant uncertainties about the amount or timing.

20. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities:

	2017 £'000	2016 £'000	2015 £'000
Accelerated capital allowances on property, plant and equipment:			
At start of year	**63**	(44)	(64)
Prior year adjustment	**-**	88	27
Origination and reversal of temporary differences	**(18)**	19	(7)
At end of year	**45**	63	(44)
Other temporary differences:			
At start of year	**1,239**	1,578	2,244
Prior year adjustment	**-**	(59)	-
Origination on acquisition	**310**	-	-
Origination and reversal of temporary differences	**(472)**	(280)	(666)
At end of year	**1,077**	1,239	1,578
Total deferred tax:			
At start of year	**1,302**	1,534	2,180
Prior year adjustment	**-**	29	27
Origination on acquisition	**310**	-	-
Origination and reversal of temporary differences (note 6)	**(490)**	(261)	(673)
At end of year	**1,122**	1,302	1,534
Origination on acquisition			
Deferred tax is included within:			
Deferred tax liability	**1,229**	1,387	1,667
Deferred tax asset	**(107)**	(85)	(133)
	1,122	1,302	1,534

The majority of the other temporary differences relates to the liability arising on the valuation of intangible assets on acquisition.

There are no deductible differences or losses carried forward for which no deferred tax asset is recognised. There are no temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised.

21. Share capital

Authorised	45p deferred shares £'000	5p ordinary shares £'000
Authorised share capital at 31 March 2016 and at 31 March 2017	**45,000**	**10,000**

Allotted, issued and fully paid:	45p deferred shares Number	5p ordinary shares Number	£'000
At 31 March 2016	67,378,520	76,359,385	34,139
Issue of share capital	-	10,000,000	500
Issue of share options	-	350,513	18
At 31 March 2017	**67,378,520**	**86,709,898**	**34,657**

The 5 pence ordinary shares have the same rights (including voting and dividend rights and rights on a return of capital) as the previous 50 pence ordinary shares. Holders of the 45 pence deferred shares do not have any right to receive notice of any general meeting of the Company or any right to attend, speak or vote at any such meeting. The deferred shareholders are not entitled to receive any dividend or other distribution and shall, on a return of assets in a winding up of the Company, entitle the holders only to the repayment of the amounts paid up on the shares, after the amount paid to the holders of the new ordinary shares exceeds £1,000,000 per new ordinary share. The deferred shares will also be incapable of transfer and no share certificates will be issued in respect of them.

22. Share premium

	2017 £'000	2016 £'000
At start of year	**6,608**	6,608
Issue of share capital	**2,500**	-
At end of year	**9,108**	6,608

23. Treasury shares

	2017 £'000	2016 £'000
At start and end of year (99,622 shares)	**(25)**	(25)

24. Capital redemption reserve

	2017 £'000	2016 £'000
At start and end of year	**125**	125

25. Share option reserve

	2017 £'000	2016 £'000
At start of year	**146**	-
Share option charge	**358**	146
At end of year	**504**	146

The Board of Directors approved the original transfer of reserves from retained earnings to a designated share option reserve.

26. Minority interest

	2017 £'000	2016 £'000
At start of year	**-**	-
Acquisition of subsidiaries	**1,513**	-
At end of year	**1,513**	-

27. Foreign currency translation reserve

	2017 £'000	2016 £'000
At start of year	**3**	21
Exchange differences on translation of foreign operations	**16**	(18)
At end of year	**19**	3

28. Retained earnings

	2017 £'000	2016 £'000
At start of year	**(7,962)**	(8,667)
Jaywing Innovation put / call option charge	**(1,165)**	-
Retained (loss) / profit for the year	**(2,981)**	705
At end of year	**(12,108)**	(7,962)

29. Operating leases

The Group's future minimum operating lease payments are as follows:

	Within 1 year £'000	1 to 5 years £'000	After 5 years £'000	Total £'000
31 March 2017	**449**	**2,565**	**798**	**3,812**
31 March 2016	392	1,437	274	2,103
31 March 2015	545	723	-	1,268

The Company leases a number of office premises under operating leases. During the year £525,000 (2016: £428,000) was recognised as an expense in the Statement of comprehensive income in respect of operating leases.

30. Capital commitments

The Group had commitments of £150,000 to purchase property, plant and equipment at 31 March 2017 (2016: £Nil).

31. Related parties

Ian Robinson, Chairman, is also a director of Anne Street Partners Limited.
The services of Ian Robinson as Chairman of the Company were purchased from Anne Street Partners Limited for a fee of £40,000 (2015: £30,000). At the year end £12,000 (2016: £12,000) was outstanding to Anne Street Partners Limited.

Charles Buddery (resigned 10 August 2015) is a partner in Players House LLP which previously owned the building occupied by Scope Creative Marketing Limited. During the year Scope Creative Marketing Limited paid rent of £94,000 (2016: £90,000), owing £Nil (2015: £Nil) at the year end.

During the period, the company made sales of £15,246 (2016: £6,138) to Run For All Limited, a company in which Rob Shaw is a Non-Executive Director. At 31 March 2017 the balance receivable from Run For All Limited was £13,728 (2016: £132).

32. Accounting estimates and judgements

Accounting estimates

Impairment of goodwill and other intangible assets
The carrying amount of goodwill is £33,732,000 (2016: £30,446,000) and the carrying amount of other intangible assets is £7,230,000 (2016: £6,562,000). The Directors are confident that the carrying amount of goodwill and other intangible assets is fairly stated, and have carried out an impairment review. The forecast cash generation for each CGU and the WACC represent significant assumptions and should the assumptions prove to be incorrect there would be a significant risk of a material adjustment within the next financial year. The sensitivity to the key assumptions is shown in note 14.

Share-based payment
On 4 May 2016 and 30 September 2016, share options were granted to employees in order to incentivise performance. These share options will vest based upon conditions which relate to either EBITDA performance in the period commencing 1 April 2016, or the share price at various future dates.

The share-based payment charge consists of two elements, the charge for the fair value at the date of grant and a charge for the employer's NI. The fair value charge has been assessed using an external valuation company, and judgement has been made on the number of shares expected to vest based on the achievement of EBITDA and share price targets.

Accounting judgements

Recognition of revenue as principal or agent
The Directors consider that they act as a principal in transactions where the Group assumes the credit risk. Where this is via an agency arrangement and the Group assumes the credit risk for all billings it therefore recognises gross billings as revenue.

33. Financial risk management

The Group uses various financial instruments. These include loans, cash, issued equity investments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk
Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk
The Group is only minimally exposed to translation and transaction foreign exchange risk.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The Group policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by overdraft facilities.

The maturity of borrowings is set out in note 17 to the consolidated financial statements.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings.

The interest rate exposure of the financial assets and liabilities of the Group is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

	2017 £'000	2016 £'000	2015 £'000
Financial assets:			
Floating interest rate:			
Cash	**2,216**	347	1,000
Zero interest rate:			
Trade receivables	**8,856**	8,328	6,016
	11,072	8,675	7,016
Financial liabilities:			
Floating interest rate:			
Overdrafts	**-**	-	-
Bank loans / revolving facility	**5,750**	5,675	6,188
Zero interest rate:			
Trade payables	**3,665**	1,952	1,337
	9,415	7,627	7,525

The bank loans contractual maturity is summarised below:	**2017 £'000**	2016 £'000	2015 £'000
Total due within one year	**1,243**	1,121	1,158
In more than one year but less than two years	**1,012**	1,085	1,122
In more than two years but less than three years	**-**	-	1,085
Total amount due	**2,255**	2,206	3,365

The above contractual maturities reflect the estimated gross cash flows, which differ from the carrying value at the balance sheet date.

Sensitivity to interest rate fluctuations

If the average interest rate payable on the net financial asset/net financial liabilities subject to a floating interest rate during the year had been 1% higher than reported on the average borrowings during the year, then profit before tax would have been £43,252 lower, and if the interest rate on these liabilities had been 1% lower, profit before tax would have improved by £43,252.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The Company's customers are predominantly blue chip companies with high credit ratings. The Company's credit control team has credit policies covering both trading transactions and balances with financial institutions.

The Directors consider that the Group's trade receivables were impaired for the year ended 31 March 2017 and a provision for £96,000 (2016: £92,000) has been provided accordingly. See note 16 for further information on financial assets that are past due.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2017 £'000	2016 £'000	2015 £'000
Financial assets			
Loans and receivables			
Trade and other receivables	**8,895**	8,485	6,525
Cash and cash equivalents	**2,216**	347	1,000
	11,111	8,832	7,525
Financial liabilities:			
Current:			
Financial liabilities measured at amortised cost			
Borrowings	**(5,750)**	(5,675)	(6,188)
Trade and other payables	**(11,768)**	(7,534)	(7,157)
Provisions for liabilities	**(173)**	(167)	(158)
	(17,691)	(13,376)	(13,503)
Net financial assets and liabilities	**(6,580)**	(4,544)	(5,978)
Plant, property and equipment	**1,095**	744	685
Goodwill	**33,732**	30,446	30,446
Other intangible assets	**7,230**	6,562	8,065
Prepayments	**2,309**	1,580	872
Deferred tax	**107**	85	133
Deferred consideration	**(2,314)**	-	-
Taxation payable	**(557)**	(452)	(355)
Provisions for deferred tax	**(1,229)**	(1,387)	(1,667)
	(40,373)	37,578	38,179
Total equity	**33,793**	33,034	32,201

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the board based on the requirements of the business.

Capital for the reporting period under review is summarised as follows:

	2017 £'000	2016 £'000	2015 £'000
Total equity	**33,793**	33,034	32,201

Company Financial Statements

Company profit and loss account

	Note	2017 £'000	2016 £'000
Turnover	1	**-**	-
Administrative expenses	2	**(9,238)**	(3,691)
Operating loss	3	**(9,238)**	(3,691)
Income from fixed asset investment		**6,250**	7,455
Interest receivable and similar income	4	**1**	-
Interest payable and similar charges	5	**(197)**	(251)
(Loss) / profit on ordinary activities before taxation		**(3,184)**	3,513
Taxation on ordinary activities	6	**240**	72
(Loss) / profit and total comprehensive income on ordinary activities after taxation		**(2,944)**	3,585

All of the activities of the parent Company are classed as continuing.

The accompanying notes to the parent Company financial statements form an integral part of these financial statements.

Company balance sheet

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	**307**	50
Investments	11	**57,807**	53,254
		58,114	53,304
Current assets			
Debtors due < 1 year	12	**2,030**	2,060
		2,030	2,060
Current liabilities			
Creditors: amounts falling due within one year	13	**(14,523)**	(11,425)
Total assets less current liabilities		**45,621**	43,939
Non current liabilities			
Creditors: amounts falling due after more than one year	14	**(2,313)**	(1,063)
Net assets		**43,308**	42,876
Capital and reserves			
Called up share capital	16	**34,657**	34,139
Share premium account		**9,108**	6,608
Treasury shares	18	**(25)**	(25)
Share option reserve		**504**	146
Capital redemption reserve		**125**	125
Profit and loss account		**(1,061)**	1,883
Equity shareholders' funds		**43,308**	42,876

The financial statements were approved by the Board of Directors and authorised for issue on 4 July 2017.

Signed on behalf of the Board of Directors:

Michael Sprot
Director

The accompanying notes to the parent Company financial statements form an integral part of these financial statements.

Company statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Treasury shares £'000	Share option reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2015	34,139	6,608	(25)	-	125	(1,702)	39,145
Share-based payment charge	-	-	-	146	-	-	146
Transactions with owners	-	-	-	146	-	-	146
Profit for the year and total other comprehensive income	-	-	-	-	-	3,585	3,585
Total comprehensive income	-	-	-	-	-	3,585	3,585
At 31 March 2016	**34,139**	**6,608**	**(25)**	**146**	**125**	**1,883**	**42,876**
At 1 April 2016							
Share-based payment charge	-	-	-	358	-	-	358
Issue of share capital	518	2,500	-	-	-	-	3,018
Transactions with owners	518	2,500	-	358	-	-	3,376
Profit for the year and total other comprehensive income	-	-	-	-	-	(2,944)	(2,944)
Total comprehensive income	518	2,500	-	-	-	(2,944)	74
At 31 March 2017	**34,657**	**9,108**	**(25)**	**504**	**125**	**(1,061)**	**43,308**

Notes to the parent company financial statements

1. Accounting policies

Jaywing plc is incorporated in England.

Statement of compliance
These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

Going concern
After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

1. A statement of cash flows and related notes.
2. The requirement to produce a balance sheet at the beginning of the earliest comparative period.
3. The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group.
4. Presentation of comparative reconciliations for property, plant and equipment, intangible assets.
5. Capital management disclosures.
6. Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period.
7. The effect of future accounting standards not adopted.
8. Certain share based payment disclosures.
9. Disclosures in relation to impairment of assets.
10. Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value).

Investments in subsidiaries, associates and joint ventures

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any applicable provision for impairment.

Tangible assets
Property, plant and equipment (PPE) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

Other PPE
PPE is subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis (unless otherwise stated) to write down the cost less estimated residual value of PPE. The following useful lives are applied:

- Fixtures, fittings and equipment: 2-5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Financial instruments - recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial instruments - classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables

There are no financial assets that have been designated as held to maturity, available for sale or fair value through profit or loss.

All financial assets, except for those at FVTPL, are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial instruments – loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade debtors and other debtors fall into this category of financial instrument.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial instruments – classification and subsequent measurement of financial liabilities
Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade creditors and other creditors.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits, which is presented as cash at bank and in hand in the Balance Sheet.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the Balance Sheet.

Operating leases
Where the Company is a lessee, payments made under an operating lease agreement are recognised as an expense on a straight-line basis over the lease term.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Financial guarantees
Financial guarantees in respect of the borrowings of fellow group companies are not regarded as insurance contracts. They are recognised at fair value and are subsequently measured at the higher of:

- the amount that would be required to be provided under IAS 37 (see policy on provisions below); and
- the amount of any proceeds received net of amortisation recognised as income.

Provisions, contingent assets and contingent liabilities
Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where the time value of money is material, provisions are discounted to their present values using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Any reimbursement that is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Holiday pay
A provision for annual leave accrued by employees as a result of services rendered, and which employees are entitled to carry forward and use within the next 12 months is recognised in the current period. The provision is measured at the salary cost payable for the period of absence.

Equity, reserves and dividend payments
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Revenue recognition
The turnover shown in the profit and loss account represents amounts invoiced in relation to work undertaken during the year.

Turnover is the revenue arising from the sale of services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable.

Revenue – other revenue streams

Interest receivable
Interest receivable is reported on an accrual basis using the effective interest method.

Dividends receivable
Dividends are recognised at the time the right to receive payment is established.

Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Foreign currency translation
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognised in other comprehensive income, the foreign exchange component of that gain or loss is also recognised in other comprehensive income.

Income taxes
Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Calculation of deferred tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the asset is realised or the liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted.

Deferred tax liabilities are generally recognised in full with the exception of the following:

- on the initial recognition of goodwill on investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future on the initial recognition of a transaction that is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Deferred tax liabilities are not discounted.

Post-employment benefits and short-term employee benefits

Short-term employee benefits
Short term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at undiscounted amount that the Company expects to pay as a result of unused entitlement.

Post-employment benefit plans
Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

Share-based payments
Where equity settled share options are awarded by the parent company to employees of this Company, the fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Recharges from the parent company for the use of options over the parent company shares are deducted from equity.

Profit from operations
Profit from operations comprises the results of the Company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

Exceptional items
Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Significant judgement in applying accounting policies and key estimation uncertainty
When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Capitalisation of internally developed software
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Valuation of investments
Management reviews the carrying value of investments at each reporting date, based on the future cashflows of those investments.

2. Other operating charges

	2017 £'000	2016 £'000
Share-based payment charge	**829**	89
Related National Insurance charge	**70**	9
Impairment of carrying value of investment	**4,247**	-
Administrative expenses	**4,092**	3,593
Total administrative expenses	**9,238**	3,691

100% of turnover arose in the United Kingdom (2016: 100%).

3. Operating loss

Operating loss is stated after charging:	2017 £'000	2016 £'000
Deferred consideration write-off	**-**	349
Depreciation of owned fixed assets	**46**	23

4. Other interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable and similar income	**1**	-

5. Other interest payable and similar charges

	2017 £'000	2016 £'000
Bank interest payable	**191**	251
Finance charge on acquisition	**6**	-
Total	**197**	251

6. Tax on ordinary activities

The tax charge is based on the profit for the year and represents:	**2017 £'000**	2016 £'000
UK corporation tax at 20% (2016: 20%)	**982**	739
Adjustment in respect of prior period	**(740)**	(658)
Total current tax	**242**	81
Deferred tax:		
Origination and reversal of timing differences	**(2)**	(2)
Prior year adjustment	**-**	(7)
	240	72

The tax credit can be explained as follows:	**2017 £'000**	2016 £'000
(Loss) / profit before tax	**(3,184)**	3,513
Tax using the UK corporation tax rate of 20% (2016: 20%)	**(637)**	703
Effect of:		
Expenses not deductible for tax		
Non-taxable income	**137**	(1,491)
Other	**-**	4
Prior year adjustment	**260**	712
Current year credit	**(240)**	(72)

7. Auditor's remuneration

Details of remuneration paid to the auditor by the Company are shown in note 8 to the consolidated financial statements.

8. Directors and employees

	2017 £'000	2016 £'000
Average number of staff employed by the Company	**32**	27
Aggregate emoluments (including those of Directors):		
Wages and salaries	**2,322**	1,845
Social security costs	**247**	177
Pension contribution	**130**	126
Share-based payment charge	**899**	98
Redundancy payments	**-**	10
Total emoluments	**3,598**	2,256

Further information in respect of Directors is given in the Directors' Remuneration table on page 23.

Remuneration in respect of Directors was as follows:

	2017 £'000	2016 £'000
Emoluments receivable	**944**	772
Fees paid to third parties for Directors' services	**40**	40
Company pension contributions to money purchase pension schemes	**150**	89
	1,134	901

During the current period and the prior year there were no benefits accruing to Directors in respect of the defined contribution pension scheme.

The highest paid Director received remuneration of £247,000 (2016: £207,000).

9. Dividends

The Directors do not recommend the payment of a dividend for the current year (2016: £Nil).

10. Tangible fixed assets

	Leasehold Improvements £'000	Fixtures & fittings £'000	Total £'000
Cost at 1 April 2016	-	107	107
Additions	189	114	303
Cost at 31 March 2017	**189**	**221**	**410**
Depreciation at 1 April 2016	-	57	57
Charge for the year	-	46	46
Depreciation at 31 March 2017	**-**	**103**	**103**
Net book value at 31 March 2017	**189**	**118**	**307**
Net book value at 31 March 2016	-	50	50

11. Investments

	Subsidiaries £'000
Cost at 1 April 2016	53,254
Acquisitions	8,800
Impairment	(4,247)
Capital contribution for share option scheme	94
Recharge of capital contribution from group companies	(94)
Cost as at 31 March 2017	**57,807**

The Company has carried out an impairment review of the carrying amount of the investments in subsidiaries. The impairment review of investments was performed using the same cash flows and assumptions as were used in the Group's financial statements for the impairment review of goodwill, details of which can be found in note 14 in the Group's financial statements. This review has concluded that the carrying value of the Company's investments is impaired by £4,247,000 (2016: £Nil).

At 31 March 2017 the Company held either directly or indirectly, 20% or more of the allotted share capital of the following companies:

		Proportion held		
	Class of share capital held	**By parent Company**	**By the Group**	**Nature of Business**
Alphanumeric Group Holdings Limited	Ordinary	100%	100%	Dormant
Alphanumeric Holdings Limited	Ordinary	-	100%	Dormant
Alphanumeric Limited	Ordinary	100%	100%	Data services & consultancy
Bloom Media (UK) Limited	Ordinary	100%	100%	Agency services
Dig for Fire Limited	Ordinary	-	100%	Dormant
Digital Marketing Group Limited	Ordinary	100%	100%	Dormant
Digital Marketing Group Services Limited	Ordinary	100%	100%	Dormant
Digital Marketing Network Limited	Ordinary	100%	100%	Dormant
Digital Media and Analytics Limited	Ordinary	100%	100%	Dormant
DMG Central Limited	Ordinary	-	100%	Dormant
DMG London Limited	Ordinary	100%	100%	Dormant
Epiphany Solutions Limited	Ordinary	100%	100%	Search Engine Optimisation
Epiphany Solutions PTY Limited	Ordinary	-	100%	Search Engine Optimisation
Gasbox Limited	Ordinary	100%	100%	Direct marketing
Graphico New Media Limited	Ordinary	100%	100%	Dormant
HSM Limited	Ordinary	100%	100%	Online marketing & media, direct marketing
Hyperlaunch New Media Limited	Ordinary	100%	100%	Dormant
Inbox Media Limited	Ordinary	-	100%	Dormant
Iris Associates Limited	Ordinary	-	100%	Dormant
ISIS Direct Limited	Ordinary	-	100%	Dormant
Jaywing Central Limited	Ordinary	100%	100%	Online marketing & media
Jaywing Information Limited	Ordinary	100%	100%	Dormant
Jaywing Innovation Limited	Ordinary	75%	75%	Product development
Jaywing North Limited	Ordinary	100%	100%	Dormant
Junction Brand Communication Limited	Ordinary	-	100%	Dormant
Massive Group PTY Limited	Ordinary	75%	75%	Search Engine Optimisation
Prodant Limited	Ordinary	-	100%	Dormant
Scope Creative Marketing Limited	Ordinary	100%	100%	Direct marketing
Shackleton PR Limited	Ordinary	-	100%	Online PR
Woken Limited	Ordinary	-	100%	Dormant

All the companies listed above have been consolidated.

All the companies listed above are incorporated in England and Wales with the following exceptions:

Company	**Country of Incorporation**
Epiphany Solutions PTY Limited	Australia
Massive Group PTY Limited	Australia

12. Debtors due < 1 year

	2017 £'000	2016 £'000
Amounts due from Group undertakings	**391**	479
Prepayments and accrued income	**163**	176
Other taxation and social security	**494**	515
Corporation tax	**982**	739
Other receivables	**-**	151
	2,030	2,060

13. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loans and overdrafts (note 15)	**10,124**	10,549
Trade creditors	**131**	100
Amounts owed to Group undertakings	**765**	202
Other taxation and social security	**75**	51
Other creditors	**10**	1
Accruals and deferred income	**1,187**	518
Deferred tax	**6**	4
Deferred consideration payable on acquisition of subsidiary undertakings	**2,225**	-
	14,523	11,425

14. Creditors: amounts falling due in more than one year

	2017 £'000	2016 £'000
Bank loan	**1,000**	1,063
Deferred consideration payable on acquisition of subsidiary undertakings	**1,313**	-
	2,313	1,063

15. Borrowings

	2017 £'000	2016 £'000
Summary:		
Bank overdraft	**5,374**	5,937
Bank loans	**5,750**	5,675
	11,124	11,612

Borrowings are repayable as follows:	**2017 £'000**	2016 £'000
Within one year:		
Bank overdraft	**5,374**	5,937
Bank loans	**4,750**	4,612
Total due within one year	**10,124**	10,549
Bank loans:		
In more than one year but less than two years:	**1,000**	1,063
In more than two years:	**-**	-
Total due in more than one year:	**1,000**	1,063

16. Share capital

Authorised:

	45p deferred shares £'000	5p ordinary shares £'000
Authorised share capital at 31 March 2016 and at 31 March 2017	**45,000**	**10,000**

Allotted, issued and fully paid:

	45p deferred shares Number	5p ordinary shares Number	£'000
At 31 March 2016	67,378,520	76,359,385	34,139
Issue of share capital	-	10,000,000	500
Issue of share options	-	350,513	18
At 31 March 2017	**67,378,520**	**86,709,898**	**34,657**

The 5 pence ordinary shares have the same rights (including voting and dividend rights and rights on a return of capital) as the previous 50 pence ordinary shares. Holders of the 45 pence deferred shares do not have any right to receive notice of any general meeting of the Company or any right to attend, speak or vote at any such meeting. The deferred share holders are not entitled to receive any dividend or other distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of the amounts paid up on the shares after the amount paid to the holders of the new ordinary shares exceeds £1,000,000 per new ordinary share. The deferred shares will also be incapable of transfer and no share certificates will be issued in respect of them.

17. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

Share option reserve – fair value charge for share options in issue.

Treasury shares – shares in the company that have been acquired by the company.

Capital redemption reserve – represents amounts transferred from share capital on redemption of issued shares.

18. Treasury shares

	2017 £'000	2016 £'000
At 31 March 2017 and 31 March 2016	**25**	25

19. Share-based payments

Share-based payment charge is as follows:	**2017 £'000**	2016 £'000
Share- based payment	**829**	89
Related National Insurance costs	**70**	9
	899	98

Details of the share options issued and the basis of calculation of the share based payments, which all relate to share options granted, are given in note 11 to the consolidated financial statements.

20. Provision for liabilities

	Deferred tax (note 6) £'000
At 1 April 2016	**4**
Amounts of deferred tax recognised in profit or loss	**2**
At 31 March 2017	**6**

21. Commitments under operating leases

At 31 March 2017 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

Land and buildings	**2017 £'000**	2016 £'000
Operating leases which expire:		
Within one year	**168**	-
Within two to five years	**673**	-
After five years	**798**	-
	1,639	-

22. Contingent liabilities

There is a cross guarantee between members of the Jaywing plc group of companies on all bank overdrafts and bank borrowings with Barclays Bank plc. At 31 March 2017 the amount thus guaranteed by the Company was £Nil (2016: £Nil).

23. Related parties

The Company is exempt from the requirements to FRS 101 to disclose transactions with other 100% members of the Jaywing plc group of companies.

Transactions with other related parties are disclosed in note 30 to the consolidated financial statements.

24. Financial risk management objectives and policies

Details of Group policies are set out in note 32 to the consolidated financial statements.

25. Retirement benefits

Defined Contribution Schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £130,000 (2016: £126,000).

26. Share-based payments

Employees of the Company are entitled to participate an equity and cash-settled share option scheme operated by the Company's ultimate parent company Jaywing plc.

The options are granted with a fixed exercise price and have a vesting period of up to two years. The vesting conditions relate to the performance of Epiphany Solutions Ltd and the overall Jaywing plc group during the vesting period. There are no other market conditions attached to the share options.

The number of options outstanding at the end of the year in respect of Company employees were 5,168,226 (2016: 1,965,000).

No share options were exercised during the year. The exercise prices for share options outstanding was 5p (2016: 5p). The remaining contractual life of the share options was two years (2016: one year).

Shareholder information

Annual General Meeting

The 2017 Annual General Meeting will be held on Tuesday 12 September 2017 at Cenkos Securities. 6.7.8. Tokenhouse Yard, London EC2R 7AS at 11am.

Results

Announcement of half year results to 30 September 2017 – November 2017.

Preliminary announcement of the annual results for the year ending 31 March 2018 – early July 2018.

Dividend

There is no dividend payable.

Multiple accounts on the shareholder register

If you have received two or more copies of this document, this means that there is more than one account in your name on the shareholders register. This may be caused by either your name or address appearing on each account in a slightly different way. For security reasons, the Registrars will not amalgamate the account without your written consent, so if you would like any multiple accounts combined into one account, please write to Capita Registrars at the address given below.

Documents

The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the AGM from at least 15 minutes prior to the meeting until its conclusion.

- Copies of the Executive Directors' service agreements and the Non-Executive Directors' letters of appointment;
- The memorandum and articles of association of the Company; and
- Register of Directors' interests in the share capital of the Company maintained under Section 809 of the Companies Act 2006.

Particulars of the Directors' interest in shares are given in the Remuneration Report which is contained in the Report and accounts for the year ended 31 March 2017.

Issued Share Capital

As at 4 July 2017 (being the last practicable date before the publication of this document) the Company's issued share capital comprised 86,895,767 ordinary shares of 5p each, of which 99,622 are held in Treasury. Therefore, as at 4 July 2017 the total voting rights in the Company were 86,895,767. On a vote by show of hands every member who is present in person or by proxy has one vote. On a poll every member who is present in person or by proxy has one vote for every ordinary share of which he or she is a holder.

Share dealing services

To purchase or sell shares in Jaywing plc log on to www.capitadeal.com or call 0871 664 0364 (Mon-Fri 8am-4.30pm). Capita Share Dealing Services is a trading name of Capita IRG Trustees Limited, which is authorised and regulated by the Financial Services Authority. If you are selling shares you must have the relevant certificate(s) in your possession. This is not a recommendation to buy or sell shares and this service may not be suitable for all shareholders.

Shareholder enquiries

Capita Registrars maintains the register of members of the Company. If you have any queries concerning your shareholding, or if any of your details change, please contact the Registrars:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Shareholder Helpline: 0871 664 0300 (calls cost 10p per minute plus network extras) Fax: 01484 606484.

Textphone for shareholders with hearing difficulties: 0871 664 0532 (calls cost 10p per minute plus network extras)

Capita Registrar also offer a range of shareholder information online at www.capitaregistrars.com.

Website

Information on the Group is available at: investors.jaywing.com.

JAYWING

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JAYWING PLC is registered in England and Wales. Albert Works, 71 Sidney Street, Sheffield S1 4RG. Company number 05935923.