Jaywing plc
Annual Report and Accounts
For the year ended 31 March 2019

Company number 05935923

Contents

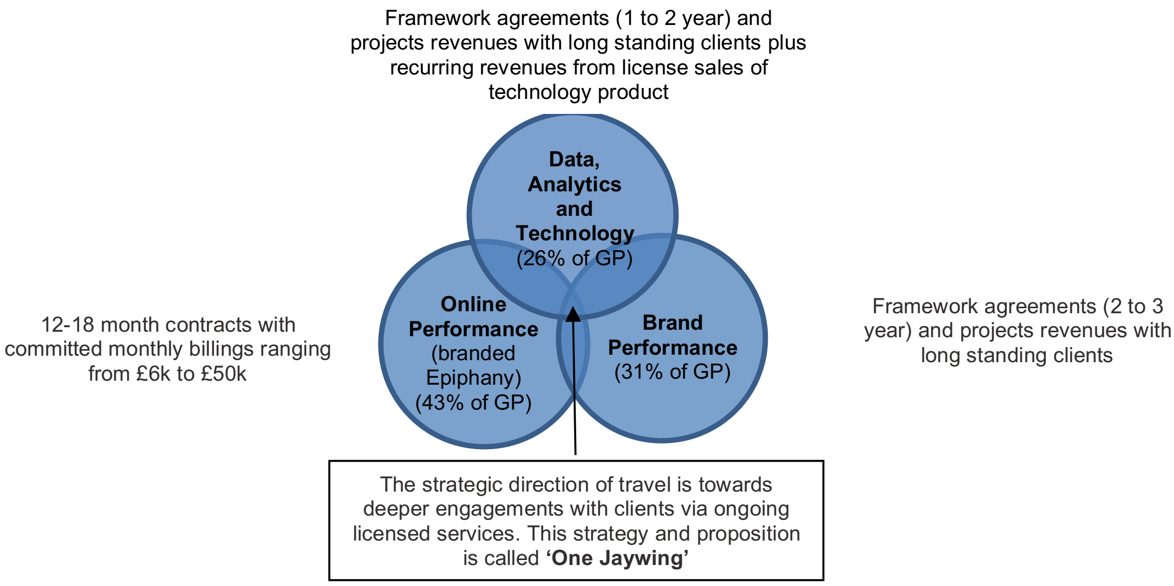
Business Overview

Jaywing is an award-winning data science led performance marketing agency and consulting business operating in the UK and Australia.

Jaywing helps its clients find smart solutions to deliver profit growth and build brand value. It uses its unique expertise to create compelling insights from complex customer behaviour and builds these into effective digital marketing, customer engagement and portfolio management activities.

The company employs around 350 highly skilled people, including c.40 in Australia, in a wide range of specialisms working in a highly collaborative operating model and culture.

Revenue Model



Clients

In the UK, target clients are typically the B2C Divisions of FTSE 250 companies, other large corporates and entrepreneurially-led high growth B2C businesses. Jaywing works with clients across a wide range of sectors developing and sharing best practice.

Client concentration risk is relatively low, with the largest client accounting for only c.6% of annual Gross Profit and the largest industry sector accounting for c.25% (Financial Services, where work is undertaken for both marketing and risk functions thereby reducing the concentration risk).

Gross profit from Australia now accounts for 13% of overall Jaywing GP. We expect this number to grow further as we continue to demonstrate the value of the agencies we have acquired and integrated in Sydney.

People

"Jaywingers" are high calibre specialists and collaborators, many with scarce skill sets. They include:

• home grown talent recruited through sponsored degree courses with University of Leeds and University of Sheffield, providing the best of the intake who can hit the ground running

• experienced London agency staff looking to relocate and attracted by the nature of Jaywing's challenger positioning

• specialists who have reached the glass ceiling working in client-side organisations and see an opportunity to further develop their career in an agency role with Jaywing

• PhDs with backgrounds in data science and artificial intelligence.

Financial highlights from continuing operations

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
Revenue	35,554	41,511
Gross profit*	29,845	30,849
Adjusted EBITDA** (note 1)	3,329	2,889
Adjusted EBITDA margin***	11.2%	9.4%
Loss after tax from continuing operations	(935)	(992)
Basic EPS on adjusted EBITDA	3.6p	3.1p
Basic EPS from continuing operations	(1.15p)	(1.06p)
Net debt	(4,960)	(5,918)

* Revenue less third party direct costs of sale
** Before share-based charges, exceptional items and acquisition related costs
*** As a percentage of gross profit

Highlights:

- Grew adjusted EBITDA by 15% in challenging market conditions
- Increase in adjusted EBITDA margin from 9.4% to 11.2%
- Reduction in net debt of nearly £1.0m
- Sale of non-core, lower margin contact centre business HSM Limited used to part fund re-structuring costs
- Slow trading conditions in the UK in Q4 of FY19 and the first quarter of FY20, leading to a requirement for additional funding
- The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements

Commenting on the results, Martin Boddy, Chairman of Jaywing, said,

"During the year, overall demand in the UK was relatively soft and at times unpredictable. Despite this, margins improved significantly, with adjusted EBITDA increasing by 15% despite an overall 3% reduction in Gross Profit (GP). Encouragingly, in the UK we saw a return to top line growth in our Online Performance segment, with GP growing by 10%. But it was in Australia where we experienced the strongest growth and our Australian operation now accounts for 13% of the overall GP.

The quality of income also improved with nearly 70% of our top 50 clients now buying more than one service line and 50% of revenues being visible beyond 6 months.

"The disposal of a non-core call centre business (HSM Limited) has allowed management to concentrate on the core business. It provided the cash to undertake some re-structuring and sharpen our proposition to clients whose main priority is driving efficiency in marketing. With its data, digital and technology focus all delivered through a collaborative operating model, Jaywing is well positioned to take advantage of any hardening in marketing spend as and when it comes.

Trading in the final quarter of FY19 and the first quarter of the new financial year was particularly challenging and, whilst improving during the second quarter, the ongoing uncertain economic and political outlook is likely to continue to impact client activity. The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility."

Chairman’s Statement

A leaner and more focused Jaywing with the right business model for the future

The last financial year has seen our adjusted EBITDA margin recover significantly, from 9.4% to 11.2% on a like-for-like basis. This was achieved through initiatives including selective re-structuring, cost reduction and the disposal in January of a non-core and lower margin contact centre business (HSM Limited). HSM Limited is accounted for as a discontinued operation.

Overall, on a like-for-like basis, our Gross Profit (GP) reduced by £1.0m year-on-year, making the adjusted EBITDA margin improvement all the more impressive. The fall in GP was in the main related to clients whose spend with us is discretionary, rather than on monthly performance marketing contracts. Our Online Performance segment experienced strong growth in GP in both the UK and Australia.

The disposal of the legacy contact centre business was a key strategic step for us. It has allowed management to focus on the core business and provides the cash to carry out some re-structuring to improve margins. We have sharpened our proposition and this has made it easier for clients to understand what we do and where we can uniquely add value. Additionally, I hope that the new segmental reporting will help existing and potential investors gain a greater insight into what we do and how we are performing.

Our ‘One Jaywing’ strategy, proposition and client-centric operating model is fundamental to our future growth and it is pleasing to see that c.70% of our top 50 clients now buy more than one service line from us. Enabling our services with technology and creating a stream of recurring license fee revenues is also going to be key. Our investment in AI-powered technology over the past two years is starting to bear fruit, with most new business pitches now featuring at least one of these tools. Finally, expanding our engagement model with clients to open up more opportunities to provide strategic solutions, by combining our data, analytics, AI and digital marketing specialisms, is an increasing focus for us now that we have a growing number of compelling case histories.

In the marketing industry, clients are forcing a major redesign of the traditional network agency model. This creates space for a credible challenger such as Jaywing with the right specialisms and technology allied to a collaborative operating model. Whilst the very short-term outlook in the UK is going to be impacted by economic uncertainty and therefore difficult to predict, the mid-term outlook is far more appealing, with most market commentators and industry surveys predicting healthy growth rates in online marketing in particular. As confidence returns to clients, and their longer-term marketing plans, Jaywing is well placed to compete for this spend with its AI-powered technology and collaborative ‘One Jaywing’ operating model.

During the year we have sought to embrace rather than simply comply with the QCA’s Corporate Code of Governance and my aim is to build on the initiatives that we have already taken.

Our people - the ‘Jaywingers’ - are a talented and determined group of specialists, who represent scarce resources in our industry. On behalf of the Board, I would like to thank them all for their continuing support, hard work and enthusiasm.

Martin Boddy
Chairman

Chief Executive's Report

More focused and more relevant than ever

The sale of HSM Limited has allowed us to reposition Jaywing as an integrated performance marketing agency and consulting business, delivering smart and joined-up solutions that generate measurable results across diverse marketing channels. Fundamental to this is our increasingly consultancy-led approach, our underpinning of services with our AI-powered technology and our 'One Jaywing' operating model and proposition.

It is no surprise that this is finding favour with clients and prospects alike as driving efficiency in marketing is the priority for CMOs, according to a study by Forbes Insights in November 2018. Furthermore, there has been growing dissatisfaction with the traditional network agency model. Instead, marketers are favouring new agency models, including greater use of specialists, greater collaboration and the use of in-house teams (according to World Federation of Advertisers in December 2018).

We are also seeing our top 50 clients increasingly realising the benefits of our 'One Jaywing' proposition, with nearly 70% of them taking more than one service, and with some taking up to six. In the coming year, we will expand this initiative further and target our top 100 clients as well as new prospects.

Delivering improved margins in challenging times

Our financial focus has been on improving our EBITDA margin in a UK trading environment where top line growth has been challenging. Adjusted EBITDA was £3.3m, representing an increase of 15% on the previous year, and this was achieved despite a £1m reduction in Gross Profit (GP). Re-structuring and planned cost reductions have led to an annualised cost saving to the business of around £2.5m. As with any re-structuring, there is a cash impact to executing this and this has been funded in part from the sale proceeds of HSM Limited.

Opportunities for growth

Whilst the ongoing political and economic uncertainty is supressing growth in adspend, the latest Advertising Association/WARC expenditure report produced in January 2019 still predicts overall growth in 2019 of 4.6% in the UK. However, the latest and more recent IPA Bellwether report has revealed findings in the UK market that correlate with the challenges Jaywing has been facing with UK clients. Marketing budgets have flattened in calendar Q2 2019, caused by caution and delayed decision making.

In the medium-term, cumulative annual growth rate (CAGR) is predicted to be 6.8% (Internet Advertising Bureau/PWC forecast produced in June 2018) with 75% of this relating to growth in pay-per-click (PPC) advertising, due to better use of AI and integration with retail (Zenith Media study in September 2018). With our AI-powered PPC platform, Decision, Jaywing will be even better placed to benefit from this growth once it is fully integrated into our Epiphany Search Marketing operation.

Improved Segmental Reporting

Following the sale of HSM Limited in January 2019, we have created new segments that will be used in our future reporting. These segments more closely reflect how we operate our business and how these three areas work together to deliver our 'One Jaywing' proposition to clients.

Our three trading segments will now be shown as:

- Online Performance;
- Data, Analysis and Technology; and
- Brand Performance.

Any good marketing campaign must make use of creativity and brand (Brand Performance), online channels and techniques (Online Performance), all underpinned by Data to demonstrate solid, measurable, results enhanced by the latest technology (Data, Analysis and Technology).

We believe that these new segments will allow us to track the performance of the three most important elements of any modern marketing campaign and how well they all work together.

Across each of these segments, we can also identify further opportunities to grow our recurring revenue streams, which is one of the key value drivers for the Group at large.

Online Performance

The Online Performance segment has seen good growth this year from our search marketing brand Epiphany and our operations in Australia as clients continue to invest in online advertising channels. GP has increased by £1.2m to £12.7m (10%) and EBITDA has increased by £1.4m to £2.7m (113%). Revenue from this segment is largely recurring, with contracts running from between 12 and 18 months. Epiphany is responsible for placing approximately £50m of media spend with Google and other advertising platforms, although our policy is that this is invoiced directly by the platform to our clients.

Although the length of the sales cycle markedly increased in Q4 in the UK, the sales pipeline remains strong. In paid search (PPC) specifically, going forward we feel there is a significant opportunity for us to take greater share of this fast-growing area of marketing spend by fully integrating our paid search technology ('Decision') into the Epiphany operation.

Data, Analysis and Technology

Jaywing's 60 data scientists represent a scarce resource in the industry and we believe provide the Company with a major source of competitive advantage.

With a key project for one of our largest financial services clients coming to an end last year and moving to a more modest retainer, we have focused heavily on our marketing consulting capabilities, showing how our consulting insight can be used to analyse the data from complex marketing campaigns. It was pleasing to see this capability recognised when we were chosen earlier this year by Asda to work with them on measuring the effectiveness of their marketing and understanding how their investment can be attributed across a number of advertising channels, clearly showing what results their marketing spend is delivering.

We have spent much of the last 12 months ensuring that the cost base and management structure of our technology division (Jaywing Intelligence) was appropriate and have seen a significant year-on-year swing in the profitability of this area.

According to Econsultancy in July 2018, digital marketing has been among the top early applications of Artificial Intelligence. However, less than one-tenth of companies' digital budgets goes toward AI - though respondents overwhelmingly expect AI investments will increase in the coming years (71% say so). Consequently, we have high hopes for its future growth.

The value of the technology within Jaywing Intelligence was demonstrated recently when it won awards for its work driving the performance of paid search for Domino's Pizza, which has had a dramatic contribution to their recent trading performance.

Our use of Artificial Intelligence has also been proven in the credit risk space, where we have strong consultancy credentials, with our Archetype product being adopted by companies including Shawbrook Bank, Nationwide Building Society and Hitachi Capital. This technology can significantly improve the credit risk scorecards used by large lenders, reducing their exposure to bad debt.

Brand Performance

Our Brand Performance segment generated £9.2m of GP and £1.0m of EBITDA. Both of these show a reduction from the prior year, partly because we did not see the usual increase in discretionary spend from clients with December year ends who would typically look to spend their new budgets in January, February and March. We continue to work with many high-profile brands including Pepsi, Doritos and Castrol as well as securing new clients including Goodyear and SimplyBe.

Revenues in this segment tend to be more discretionary in nature and often project based, so whilst it is disappointing to see GP falling, it's not entirely surprising in an environment with such high levels of economic and political uncertainty. Our 'One Jaywing' approach and increase in selling multiple services into clients is reducing our dependency on this project-based work and increases the likelihood of ongoing repeat revenues

International

Our business in Australia, which is predominantly reported under the Online Performance segment, continues to grow well; it was the fastest growing area within Jaywing over the past 12 months and shows no sign of slowing down. On an organic only basis, EBITDA has grown by 83%. When the acquisition of Frank Digital is added, EBITDA growth increases to 131%.

The market in Australia is strong and attractive to us for a number of reasons. For example, digital marketing is lagging some way behind the UK, and procurement functions are less prevalent in marketing services. Consequently, Jaywing can generate opportunities by showcasing our UK work and enjoy shorter sales cycles.

It has been heartening to see our integrated performance marketing services being adopted so readily by new clients and the sales pipeline continues to build.

Revenues from Australia now account for 13% of overall Jaywing GP and as we continue to demonstrate the value of the agencies we have acquired and integrated in Sydney, we expect this number to grow further.

Outlook

In a period of such political and economic uncertainty in the UK, many clients are at present struggling to make long-term decisions on marketing investment. Our experience in the first quarter of our new financial year points to another year when meaningful top line growth will be elusive. So, even at this relatively early stage in the year and with a significant amount (typically 50%) of revenues being recurring, it is unlikely that the current year's profit will match last year's. We will push hard on all fronts and take advantage of any hardening in marketing spend as and when it comes; in the meantime we will manage our cost base appropriately.

Trading in the final quarter of FY19 and the first quarter of the new financial year was particularly challenging and, whilst improving during the second quarter, the ongoing uncertain economic and political outlook is likely to continue to impact client activity. The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility.

Rob Shaw
Chief Executive Officer
Jaywing plc

CFO Statement

Business review

Like many of its peers, Jaywing has endured challenging trading conditions in the UK for the past two years. Consequently, management has been forced to turn its focus from growth to restructuring and cost reduction.

In the last 18 months, annualised cost savings of £2.5m have been achieved. A non-core and low margin subsidiary in HSM Limited has been disposed of, which has helped in achieving a net debt reduction of £2.2m since the interim results in September 2018.

These two actions have led to an increase in EBITDA margin from 9.4% to 11.2%. They have also resulted in the adjusted EBITDA increasing by 15.2% from £2.9m to £3.3m excluding HSM Limited.

This increase in EBITDA has been delivered on a Gross Profit (GP) number of £29.8m, compared to £30.8m in the previous financial year, demonstrating the impact of the cost actions.

Overall, the Income Statement shows a loss after tax from continuing operations of £0.9m (2018: loss of £1.0m).

The consolidated cash flow statement shows Jaywing to have generated cash from operating activities of £2.4m (2018: £1.5m) after changes in working capital. This is shown in the table below.

	2019	2018
	£'000	£'000
Loss after tax	**(2,545)**	(1,133)
Adjustments for:		
Depreciation, amortisation and impairment	**3,440**	2,588
Loss on sale of HSM Limited	**1,370**	-
Movement in provision	**-**	(22)
Foreign exchange	**20**	(39)
Financial expenses & income	**301**	203
Share-based payment expense	**177**	238
Taxation charge	**(175)**	(83)
Changes in working capital	**(146)**	(247)
Operating cash flow after changes in working capital	**2,422**	1,544

Jaywing continues to be cash generative from operating activities as shown in the table. Net debt has decreased from the prior year by just under £1.0m and is now less than £5.0m (2018: £5.9m). This is after deferred consideration payments of £0.7m made during the year.

Banking facilities comprise a term loan for £5.65m and a bank overdraft of £2.0m. There was headroom of £2.7m at the year end. Based on trading at the start of the financial year, and scheduled repayments of the term loan, this headroom position will reduce significantly in H1 of FY20.

The business operates in three trading segments: Brand Performance, Online Performance and Data Analytics & Technology, which are supported by 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 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 2019 £'000	Six months to 31 March 2019 £'000	Six months to 30 September 2018 £'000
Reported loss before tax	**(2,720)**	(2,152)	(568)
Interest	**301**	144	157
Amortisation	**1,795**	909	886
Depreciation	**412**	193	219
Impairment to the carrying value of goodwill	**1,050**	1,050	-
Share-based payment charge	**177**	(20)	197
Acquisition related costs	**(411)**	(558)	147
Loss on disposal of HSM Limited	**1,610**	1,610	-
Exceptional costs	**1,128**	792	336
Adjusted operating profit	**3,342**	1,968	1,374
Deduct other income	**(13)**	(13)	-
Adjusted operating profit before other income	**3,329**	1,955	1,374

Excluding other income, Jaywing produced £2.0m adjusted operating profit after interest in the six months to 31 March 2019 and £1.4m 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 2019 £'000	Six months to 30 Sept 2018 £'000	Six months to 31 March 2018 £'000	Six months to 30 Sept 2017 £'000
Revenue	16,823	18,731	20,827	20,684
Direct costs	(1,957)	(3,752)	(5,207)	(5,455)
Gross profit	14,866	14,979	15,620	15,229
Operating expenses excluding depreciation, amortisation, exceptional items, acquisition related costs and (credit)/charges for share-based payments	(12,898)	(13,605)	(14,130)	(13,830)
Operating profit before depreciation, amortisation, exceptional items, acquisition related costs and (credit)/charges for share-based payments	**1,968**	**1,374**	**1,490**	**1,399**

Key Performance Indicators/Value Drivers

Over the last 12 months, focus has been on what the Board view as the six long-term value drivers for Jaywing. These are:

1.Top line GP growth	The overall top line growth has stalled due to the challenging UK trading environment, despite strong growth in the Online Performance segment and Australian division.
2. Recurring revenue	Recurring revenues provide resilience, aid cashflow and are a key building block in creating a sustainable growth model. In the media agencies sector, levels of recurring revenues tend to be relatively modest. Jaywing's performance is significantly better with c.50% of revenues visible beyond 6 months.
3. Recurring licence revenue	Jaywing has invested heavily over recent years in its AI-powered technology products. These have been sold into existing clients and the challenge now is to sell these more broadly and implement them more deeply in our own operations.
4. Margin	EBITDA margins in the media agencies sector typically range between 10% and 15%. Jaywing has previously achieved the top end of this range (when HSM Limited is removed) but more recently margins have been suppressed in response to a fall in revenues. Margins are now improving as evidenced by the increase from 9.4% in the prior financial year to 11.2% in the current financial year. In a growth scenario, the conversion of GP to EBITDA is high due to efficiencies to be gained from a lower cost base and so will have a disproportionately positive impact on EBITDA growth.
5. Client relationship depth and breadth	Broader and deeper client relationships lead to lower client attrition, organic growth and improved cashflow. Jaywing has operated a collaborative operating model for several years and has an impressive track record with almost 70% of the top 50 clients and over 50% of the top 100 clients now buying more than one service line.
6. Capabilities and innovation	Jaywing comprises some highly sought-after capabilities, including data science and analysis, AI, conversion rate optimisation and technical SEO. The collaboration with the Data Science Institute at Imperial College London is also something that sets Jaywing apart from its peers.

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 10.2% (2018: 11.5%) has been derived. This is applied to cash flows for each of the business units using growth based on expected growth rates in each unit. As a result of these calculations the Board has concluded that an impairment of £1,050k is required (2018: £Nil).

Principal risks and uncertainties

The principal risks and uncertainties of the Company are outlined on page 12. As detailed further in the Directors Report, following slow trading conditions in the UK in Q4 of FY19 and the first quarter of FY20 and the impact on the results of the Group in those periods, the Group's forecasts indicate that further funds are required to enable the Group to continue to meet its obligations as they fall due until 30 September 2020. The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility.

By order of the Board.

Michael Sprot
Chief Financial Officer
Date: 27 September 2019

Board of directors

Martin Boddy, Executive Chairman (54)
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. Before becoming Chairman, Martin was CEO at Jaywing plc. He is an active networker, and has a wealth of high level business connections with CMOs, entrepreneurs, technology businesses, investors and M&A communities.

Rob Shaw, Chief Executive (48)
Rob has over 30 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, 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 is a Non-Executive Director for Run for All, which was established by the late Jane Tomlinson CBE. Rob has previously sat on Google's Advisory Board and maintains his technical and market expertise through the ongoing relationhip with Google as a premium partner agency and as a judge on a number of industry sector awards, including the BMAs and the Prolific North Awards.

Adrian Lingard, Chief Operating Officer (47)
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. Adrian headed up Jaywing's Consulting business from 2010, until his appointment as COO in 2015. 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. Adrian maintains a strong network with senior clients and colleagues, ensuring he is always up to date with the regulatory and legislative environment affecting both Jaywing plc and clients.

Michael Sprot, Chief Financial Officer (39)
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. He works constantly in partnership with Jaywing's tax advisers, lawyers and health and safety consultants to ensure he is fully informed of all relevant current regulation and legislation.

Mark Carrington, Non-Executive Director (35)
Member of Audit & Risk, Remuneration and Nomination Committee
Mark is a Fellow of the Association of Chartered Certified Accountants. He is a non-executive Director of a number of privately-owned businesses both in the UK and Overseas. He is also involved in the provision of management services to a number of other privately-owned and AIM quoted businesses, ensuring he is always abreast of the most recent regulatory changes and associated best practice. Mark is a non-executive Director of Political Holdings Limited US and Shutdown Maintenance Services Limited. He is also the non-executive Chairman of Devonshire Club Limited and Devonshire Club (Holdings) Limited.

Philip Hanson, Non-Executive Director (62)
Chair of Remuneration and Nomination Committees, member of Audit & Risk Committee
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. He 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) where he regularly travels to understand the business, its changing markets and resultant challenges and to provide counsel to the executive directors. Philip was a Director of Travelex Card Services Ltd until December 2015

Ian Robinson, Deputy Chairman (72)
Chair of Audit & Risk Committee, member of Audit & Risk and Nomination Commitees
Ian is a non-executive director of Gusbourne plc. He is also a director of a number of privately-owned businesses and has previously held a number of other senior financial appointments both in the UK and overseas. Ian keeps up to date with financial and regulatory changes through his Fellowship of the Institute of Chartered Accountants in England & Wales. He also holds an honours degree in economics from the University of Nottingham.

Advisers

Auditor
Grant Thornton UK LLP
1 Holly Street
Sheffield
S1 2GT

Nominated adviser and broker
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Registrars
Link Asset Services
34 Beckenham Road
Beckenhem
Kent, BR3 4TU

Solicitors
FieldFisher LLP
5th Floor Free Trade Exchange
37 Peter Street, Manchester
M2 5GB

Registered Office
Albert Works
71 Sidney Street
Sheffield
S1 4RG

Registered number: 05935923
Country of incorporation: England

Principal Risks and Uncertainties

Over the last twelve months, Jaywing has developed its risk reporting framework. This has been done in conjunction with the Managing Directors of the divisions so that risk management becomes embedded in processes across the business. Below is a summary of the current key risks. The matrix shows how each risk is rated pre-mitigation.

1. Additional funding is required due to general economic and business conditions leading to a reduction in marketing spend

2. Inability to recruit or retain key staff leaves us without the expertise required to service our clients and drive innovation

3. We fail to deliver our strategy or articulate it effectively to key stakeholders

4. Clients switch some or all of their spend to competitors

5. We fail to develop new products and services which keep our offer relevant and competitive

6. Failure to maintain relationships with key stakeholders leads to a lack of capital and support for growth

7. Failure to remain compliant with changing regulations leads to financial and/or reputational damage (for Jaywing or its clients)

8. Unexpected events prevent access to our buildings or systems

LIKELIHOOD OF RISK	IMPACT OF RISK: LOW	IMPACT OF RISK: MEDIUM	IMPACT OF RISK: HIGH
HIGH			1
MEDIUM		2/5	3/6
LOW		8	4/7

Risk	Executive ownership	Mitigation
1. Additional funding is required due to general economic and business conditions leading to a reduction in marketing spend The UK 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. Continued uncertainty over the UK's exit from the European Union risks delays or reductions in the marketing spend of some clients. Following slow trading conditions in the UK in Q4 of FY19 and the first quarter of FY20 and the impact on the results of the Group in those periods, further funds are required to enable the Group to continue to meet its obligations as they fall due.	All	This risk is partly mitigated by actions detailed below around retention/spend of key clients and innovation in products & services. Jaywing works in the digital sector and undertakes campaigns for clients that show tangible returns on investment, as well as advising some clients on the effectiveness of their marketing spend with other agencies. There is also ongoing development of the business model to create more licence/recurring revenue streams. Jaywing's international operation in Australia provides revenues from another market. The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility.
2. Inability to recruit or retain key staff leaves us without the expertise required to service our clients and drive innovation Jaywing operates in a specialised sector, and it is dependent on its ability to recruit personnel with adequate experience and technical expertise. However, as the supply of such personnel is limited, Jaywing can encounter significant competition for the recruitment of suitably experienced and skilled personnel.	COO, Adrian Lingard	Jaywing continues to move toward its 'One Jaywing' culture, driven by its desire to remain a place where people want to work across skillsets. The key leaders 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 Jaywing. The expertise of our people is a key source of competitive advantage and we, therefore, put a lot of effort into retention.
3. We fail to deliver our strategy or articulate it effectively to key stakeholders Jaywing offers a range of services to clients across several divisions. It is important that these offerings are clear, and that the ongoing development strategy for the business is communicated to all stakeholders including clients and staff, to ensure maximum engagement	Chairman, Martin Boddy	The sale of HSM Limited has allowed Jaywing to change the segmental reporting to reflect better the way the business is managed. This will allow all stakeholders to have a more structured and insightful view of the performance of the business. There is also additional information on the revenue model, clients and people of Jaywing in the annual report, and key leaders of the business meet regularly to ensure communication is strong.

4. Clients switch some or all of their spend to competitors Jaywing has three main contractual relationships with 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.	CEO, Rob Shaw	The focus has been to increase the number of services a client purchases from Jaywing, and the proportion of recurring revenues from clients. The intention is to continue to increase these. 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, which works closely with our clients. Client concentration risk is low.
5. We fail to develop new products and services which keep our offer relevant and competitive 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. Jaywing's future success will depend on its ability to adopt new technology, exploit new online media and harness the power of new data sets.	CEO, Rob Shaw	Jaywing is committed to innovating in data science led products and services and is actively dedicating resources to this through Jaywing Intelligence, as well as in other areas of the business. We have close relationships with online media owners (Google, Microsoft, Sky, etc.) and we get early sight of Google's 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.
6. Failure to maintain relationships with key stakeholders leads to a lack of capital and support for growth It is important to maintain relationships and dialogue with investors, the bank and employees to engage them in the strategy and vision of Jaywing. This will also provide Jaywing with the opportunity to access capital and support for ongoing trading and business growth/development.	CEO, Rob Shaw	Jaywing receives market support from Cenkos as NOMAD and meets with institutional investors and the bank on a regular basis to keep them updated on financial and strategic progress. Senior staff are updated at the annual 'Big Picture' event and employee views are sought through an annual survey. To meet retail investors, Jaywing attends the annual Cenkos Innovation & Growth Forum, as well as presenting at other relevant events during the year.
7. Failure to remain compliant with changing regulations leads to financial and/or reputational damage (for Jaywing or its clients) As a listed business, Jaywing must comply with standards and regulations across a number of areas, including financial, taxation, AIM, GDPR and employment. Some of the regulations change regularly, and so it is important always to be up to date with current regulation and legislation and ensure that Jaywing remains compliant. Jaywing must also ensure compliance of all the initiatives it provides for its clients.	CFO, Michael Sprot	Jaywing engages advisers across all these areas to assist with compliance. Grant Thornton UK LLP provides auditors and tax advisors, Cenkos is the NOMAD. The Board members also keep up to date with developments in their specialist areas and share those with other Board members as necessary. Experts in business areas are able to ensure client initiatives are all compliant, alongside external input where appropriate.
8. Unexpected events prevent access to our buildings or systems It is essential that we are able to deliver a continuous service to our clients and have solutions in place to cover any unexpected events that prevent access to any of our buildings.	COO, Adrian Lingard	There is a developed and tested business continuity plan in place across the main Jaywing sites. All data is backed up off-site, and recovery processes have also been tested.

Directors’ Report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 March 2019.

Principal activity
The principal activity of the Company, and Group, during the year under review is that of data science led performance marketing agency and consulting services.

Results and dividend
The Group’s profit after taxation from continuing operations for the year ended 31 March 2019 was a loss of £0.9 million (2018: loss of £1.0 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 6 and the CFO Statement on page 8.

Going concern
Following slow trading conditions in the UK in Q4 of FY19 and the first quarter of FY20 and the impact on the results of the Group in those periods, the Group’s forecasts indicate that the Group is likely to require additional funds to continue to meet its obligations as they fall due until 30 September 2020.

The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company’s financing requirements with a view to obtaining an enlarged working capital facility.

Notwithstanding positive indications of support for an enlarged working capital facility there is a risk that the Group will not have sufficient cash to meet its requirements for the next twelve months and the Directors have concluded that these circumstances represent a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

Nonetheless, the Directors expect that the Group will be able to obtain the additional funding required to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments that would arise if the going concern basis of preparation was not considered appropriate.

Political donations
No political donations were made during the year (2018: £Nil).

Directors’ interests
The present membership of the Board, together with biographies on each, is set out on page 10. 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 16.

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 more or 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. We also conduct an annual employee survey.

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 34 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 22 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 2019 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:

		2019	2018
	Number of voting rights	**%**	%
Lord Michael Ashcroft	23,919,737	25.6	25.6
Lombard Odier Investment Managers Group	22,020,709	23.6	26.8
Hargreave Hale Limited	5,513,000	5.9	5.9
J & K Riddell	5,372,638	5.8	5.8
A Gardner	5,034,470	5.4	5.4
M Boddy	5,016,667	5.4	5.4
Miton UK Microcap Trust PLC	3,569,249	3.8	3.8
H & J Spinks	3,508,772	3.8	3.8

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 either enclosed with this Annual Report or online at https://investors.jaywing.com, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting.

Auditor
The Directors at the date of approval of this Annual Report confirm that:

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

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
Dated: 27 September 2019

Directors' Remuneration Report

In preparing this report, we have followed the spirit of the QCA's Corporate Code of Governance and drawn on best practice available as well as those aspects of the UK Corporate Governance Code which we consider to be relevant to the Group.

The Remuneration Committee
During the year the Remuneration Committee comprised:

Philip Hanson (Chairman)
Ian Robinson
Mark Carrington

The Code recommends that a remuneration committee should be composed of entirely independent non-executive directors. Ian Robinson and Mark Carrington (who are both affiliated with a major shareholder) are not regarded as independent under the Code. The Board does consider them to act independently with respect to remuneration issues.

The Committee met two times during the year.

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 2019 there were four Executive Directors on the Board in the roles below.

Martin Boddy (Executive Chairman)
Rob Shaw (Chief Executive Officer)
Michael Sprot (Chief Financial Officer)
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 Deputy Chairman receives an annual fee of £50,000. 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 2019 and 2018 are shown below:

31 March	**2019**	2018
	£	£
Aggregate emoluments	**841,771**	1,190,912
Sums paid to third parties for Directors' services	**30,000**	2,500
	871,771	1,193,412

The emoluments of the Directors are shown below:

31 March	2019 Fees and salary	2019 Benefits in kind	2019 Bonus	**2019 Total**	2018 Total	**2019 Gain on exercise of share options**	2018 Gain on exercise of share options	**2019 Pension contributions**	2018 Pension contributions
	£	£	£	**£**	£	**£**	£	**£**	£
Martin Boddy	179,104	-	4,000	**183,104**	196,104	**-**	-	**20,000**	20,000
Andy Gardner^	7,234	-	-	**7,234**	205,000	**-**	-	**579**	7,600
Michael Sprot	107,833	-	4,000	**111,833**	119,000	**-**	-	**39,610**	39,341
Rob Shaw	240,000	-	4,000	**244,000**	343,050	**-**	-	**20,000**	2,500
Adrian Lingard	201.600	-	4,000	**205,600**	241,373	**-**	-	**16,800**	42,438
Mark Carrington~#	30,000	-	-	**30,000**	2,500	**-**	-	**-**	-
Stephen Davidson*	-	-	-	**-**	2,782	**-**	-	**-**	-
Ian Robinson	50,000	-	-	**50,000**	47,500	**-**	-	**-**	-
Philip Hanson+	40,000	-	-	**40,000**	36,103	**-**	-	**-**	-
Total	**855,771**	**-**	**16,000**	**871,771**	1,193,412	**-**	-	**96,989**	111,879

^ resigned 25 April 2018
+ appointed 27 April 2017
~ paid to a third party for the Director's services
# appointed 27 February 2018
* resigned 27 April 2017

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
Michael Sprot	20 December 2012	3 months	Jaywing plc
Adrian Lingard	1 April 2010	6 months	Jaywing plc
Rob Shaw	17 March 2014	6 months	Jaywing plc

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
Ian Robinson	21 May 2014	3 months	Jaywing plc
Philip Hanson	27 April 2017	3 months	Jaywing plc
Mark Carrington	21 March 2018	3 months	Jaywing plc

Directors' interests in shares

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

31 March	**2019**	2018
	Number of shares	Number of shares
Martin Boddy	5,016,667	5,016,667
Ian Robinson	470,267	470,267
Rob Shaw	174,869	174,869
Adrian Lingard	111,000	111,000
Philip Hanson	109,462	109,462
Michael Sprot	68,519	68,519

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

	At 31 March 2019	At 31 March 2018	Exercise price	Normal date from which exercisable	Expiry date
Martin Boddy	**254,106**	496,000	5p	1-Aug-2016	30-Sep-2020
Michael Sprot	**532,386**	710,000	5p	1-Aug-2016	30-Sep-2020
Adrian Lingard	**919,227**	1,156,303	5p	1-Aug-2016	30-Sep-2020
Rob Shaw	**1,294,733**	1,591,054	5p	1-Aug-2016	30-Sep-2020

Pensions

The Group operates a stakeholder pension scheme for staff. All of the Executive Directors 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 32. 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 2016 to 31 March 2019 is shown in the following table:

By Order of the Board

Philip Hanson
Dated: 27 September 2019

Corporate Governance

This report is prepared by the Board and describes how the principles of corporate governance are applied. The Board has adopted the QCA Corporate Governance Code and considers that Jaywing complies with each of the principles of the code.

The Board
At 31 March 2019, the Board comprised the Executive Chairman Martin Boddy, Non-Executive Deputy Chairman Ian Robinson, Non-Executive Directors Philip Hanson and Mark Carrington, Chief Executive Officer Rob Shaw, Chief Financial Officer Michael Sprot and Chief Operating Officer Adrian Lingard. Short biographical details of each of the Directors are set out on page 10. 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.

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), Ian Robinson and Mark Carrington. 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 and Mark Carrington (who are affiliated with a major shareholder) are not regarded as independent under the Code. The Board does consider them 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 2019 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 16 to 19.

Audit & Risk Committee
The Audit & Risk Committee comprises Ian Robinson (Chair), Mark Carrington and Philip Hanson. By invitation, the meetings of the Audit & Risk Committee may be attended by the other Directors and the auditor. The Committee meets not less than twice annually. The Audit & Risk 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 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.

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.

Attendance at Board and Committee meetings
The Directors attended the following Board and Committee meetings during the year ended 31 March 2019.

	Board	Remuneration	Audit & Risk	Nomination
Total meetings held	6	2	3	-
Ian Robinson	6	2	3	-
Philip Hanson	6	2	3	-
Mark Carrington	5	1	2	-
Martin Boddy	6	1	2	-
Andy Gardner* (resigned 25 April 2018)	-	-	-	-
Michael Sprot	6	1	3	-
Rob Shaw	6	1	-	-
Adrian Lingard	6	-	-	-

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: https://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 which 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 Dated: 27 September 2019

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 law, 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 as adopted by the EU 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 Group and the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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
Dated: 27 September 2019

Independent auditor's report to the members of Jaywing plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Jaywing plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the group's loss and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the disclosure on page 14 of the financial statements, which indicates that the directors, having prepared forecasts, have concluded that the Group will require additional funds to enable the Group to continue to meet its obligations as they fall due until 30 September 2020. As described, the Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility. The directors expect that the Group will be able to obtain the additional funding required.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Grant Thornton

Overview of our audit approach

- Overall materiality: £159,000, which represents 10.5% of the group's earnings before tax (EBT);
- The key audit matters were identified as material uncertainty related to going concern, revenue recognition and the valuation of put/call options; and
- We have assessed the components within the group and performed a full scope audit on the financial statements of Jaywing plc and on the financial information of all non-dormant UK components. We have performed a combination of targeted and analytical procedures on the financial information of the Australian components.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Revenue recognition Revenue is a major driver of the business and under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumed risk of fraud in revenue recognition that could result in material misstatements. As described on page 33 the group adopted IFRS 15 'Revenue from Contracts with Customers' in the current year, choosing to apply the "cumulative effect" modified retrospective method of transition. There is significant judgement required in applying the standard's five step model to the Group's contracts, including: • Identifying the relevant contract(s) requires judgement in determining at what point an agreement with a customer creates enforceable rights and obligations • Identifying the performance obligations in the contract requires judgement as to whether the Group is obligated to provide a single service or multiple distinct services • Determining the transaction price requires judgement in assessing the best estimate of variable consideration that is due • Allocating the transaction price to the performance obligations in the contract requires judgement in allocating the amount of revenue in respect of each performance obligation • Recognising revenue when (or as) the entity satisfies a performance obligation requires judgement as to whether revenue should be recognised at a point in time, or over time. Where revenue is recognised over time, management judgement is required in assessing the expected contract outcome and stage of completion at each reporting date.	Our audit work included, but was not restricted to: • Assessing whether the revenue recognition policy is in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'; • Comparing a sample of contract revenue to the group's accounting policy to determine whether it has been recognised in line with the policy by; o Confirming that a valid contract existed with the customer by reference to evidence such as written agreements o Challenging whether the identification of the performance obligations within the contract by management is appropriate o Challenging the appropriateness of the transaction price ascertained by management by reference to relevant contract(s) o Determining whether the allocation of transaction price to performance obligations is appropriate o Challenging whether management's assessment as to whether performance obligations have been met, including the percentage of completion assessment made by management where performed over time, is appropriate in light of relevant evidence, including time records and customer acceptance records • Agreeing a sample of revenue transactions to customer payments, remittances and evidence of performance of the service;

We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.

- Analytically reviewing sales, including trend and ratio analysis comparing results to prior year; and
- Testing cut-off procedures have been appropriately applied.

The Group's accounting policy on revenue recognition is shown on page 33 and related disclosures are included in note 1 to the financial statements.

Key observations

Based on our audit work, we did not identify any material misstatement in revenue recognition. Revenue was recognised in accordance with the Group's accounting policy and IFRS 15 'Revenue from Contracts with Customers.'

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
Valuation of put/call option Put/call options were issued as part of the Frank Digital acquisition on 18 March 2018. Due to the complexities of valuing the options and the proximity to the 2018 year end, provisional values were reported in the 2018 financial statements, with finalised figures required for the financial statements for the year ended 31 March 2019. We therefore identified the value of the put/call options as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Assessing whether the business combinations policy is in accordance with IFRS 3 'Business Combinations'. • Assessing whether the financial instruments policy is in accordance with IFRS 9 'Financial Instruments' • Documentation and assessment of the design and implementation of controls around the valuation and recording of the put/call options • Assessment of the appropriateness of the assumptions used in the valuation • Use of our internal valuation experts to assess the reasonableness of the assumptions used in the calculation and the methodology applied by reference to market practice The Group's accounting policy on put/call options is shown on page 37 and related disclosures are included in note 19 to the financial statements. The Group's accounting policy on financial instruments is shown on page 37 and related disclosures are included in note 34 to the financial statements. **Key observations** Based on our audit work, we did not identify any material misstatements in business acquisitions. Business acquisitions are accounted for in accordance with the Group's accounting policies and IFRS 3 'Business Combinations'. Based on our work, we did not identify any material misstatements in financial instruments. Financial instruments have been accounted for in accordance with the Group's accounting policies and IFRS 9 'Financial Instruments'.

Our application of materiality

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

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£159,000 which represents 10.5% of earnings before tax. This benchmark is considered the most appropriate because EBT is a key performance indicator for the group The materiality for the group financial statements for the year ended 31 March 2018 as a whole was set at £156,000 which was 10% of the group's average earnings before tax based on the previous 3 years. In 2019, we have reconsidered the appropriateness of this basis and determined that earnings before tax for the year provides a more appropriate basis to calculate materiality. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 for the reasons outlined above.	£143,000, which represents 1% of the company's total assets, capped at 90% of group materiality. This benchmark is considered the most appropriate given the activities of the parent company, primarily being that of a holding company and its major activities relate to fixed assets included in the financial statements. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 as a result of the amendment to basis for the group materiality calculation.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a lower level of specific materiality for directors' remuneration and related party transactions.	We also determine a lower level of specific materiality for directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£119,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£107,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

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

- evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. We assessed significance as a percentage of the Group's total assets, revenues and earnings before tax;
- a full scope statutory audit of the financial statements of the parent Company and of the financial information of all other non-dormant UK based Group entities;
- a combination of full scope and targeted procedures on the Australian components;
- there has been no change in the overview of the scope of the current year audit from the scope of that of the prior year;
- 86% of Group revenue was subjected to full scope procedures, and 14% of Group revenue was subjected to targeted procedures; and

- audit work on all components in the UK was performed by the Group audit team. The audit work on all components in Australia was carried out by Grant Thornton Australia under the direction and supervision of the Group audit team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
SHEFFIELD
27 September 2019

Consolidated statement of comprehensive income

		2019	2018 Restated
For the year ended 31 March			
Continuing operations	**Note**	**£'000**	£'000
Revenue	1	**35,554**	41,511
Direct costs		**(5,709)**	(10,662)
Gross profit		**29,845**	30,849
Other operating income	2	**13**	64
Operating expenses	3	**(30,667)**	(31,785)
Operating profit/(loss) from continuing operations		**(809)**	(872)
Finance income	4	**4**	-
Finance costs	5	**(305)**	(203)
Net financing costs		**(301)**	(203)
Loss before tax from continuing operations		**(1,110)**	(1,075)
Tax expense	6	**175**	83
Profit/(loss) after tax from continuing operations		**(935)**	(992)
Loss for the year from discontinued operations	12	**(1,610)**	(141)
Loss for the year		**(2,545)**	(1,133)
Loss for the year is attributable to:			
Non-controlling interests		**140**	(6)
Owners of the parent		**(2,685)**	(1,127)
		(2,545)	(1,133)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on retranslation of foreign operations	28	**20**	(39)
Total comprehensive income for the period		**(2,525)**	(1,172)
Total comprehensive income is attributable to:			
Non-controlling interests		**140**	(6)
Owners of the parent		**(2,665)**	(1,166)
		(2,525)	(1,172)
Profit/(loss) per share	7		
Basic profit/(loss) per share from continuing operations		**(1.15p)**	(1.06p)
Basic loss per share from discontinued operations		**(1.72p)**	(0.15p)
Total		**(2.87p)**	(1.21p)
Diluted profit/(loss) per share from continuing operations		**(1.15p)**	(1.06p)
Diluted loss per share from discontinued operations		**(1.72p)**	(0.15p)
Total		**(2.87p)**	(1.21p)

The accompanying notes form part of these Consolidated Financial Statements.
The 2018 numbers have been restated to show the non-controlling interest.

Consolidated balance sheet

As at 31 March	Note	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	14	**1,015**	1,443
Goodwill	15	**33,054**	34,496
Other intangible assets	16	**4,364**	5,962
		38,433	41,901
Current assets			
Trade and other receivables	17	**8,256**	11,754
Cash and cash equivalents		**690**	632
		8,946	12,386
Total assets		**47,379**	54,287
Current liabilities			
Other interest-bearing loans and borrowings	18	**1,800**	4,750
Trade and other payables	19	**9,546**	12,545
Current tax liabilities		**205**	249
Provisions	20	**42**	151
		11,593	17,695
Non-current liabilities			
Other interest-bearing loans and borrowings	18	**3,850**	1,800
Deferred tax liabilities	21	**656**	951
		4,506	2,751
Total liabilities		**16,099**	20,446
Net assets		**31,280**	33,841
Equity			
Equity attributable to owners of the parent			
Share capital	22	**34,992**	34,992
Share premium	23	**10,088**	10,088
Capital redemption reserve	25	**125**	125
Shares purchased for treasury	24	**(25)**	(25)
Share option reserve	26	**838**	736
Foreign currency translation reserve	28	**-**	(20)
Retained earnings	29	**(15,889)**	(13,773)
Equity attributable to owners of the parent		**30,129**	32,123
Non-controlling interest	27	**1,151**	1,718
Total equity		**31,280**	33,841

These financial statements were approved by the Board of Directors on 27 September 2019 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	2019 £'000	2018 £'000
Cash flow from operating activities			
Loss after tax		**(2,545)**	(1,133)
Adjustments for:			
Depreciation, amortisation and impairment		**3,440**	2,588
Loss on sale of HSM Limited		**1,370**	-
Movement in provision		**-**	(22)
Financial income		**(4)**	-
Financial expenses		**305**	203
Share-based payment expense	3	**177**	238
Taxation charge		**(175)**	(83)
Operating cash flow before changes in working capital		**2,568**	1,791
Increase in trade and other receivables		**1,599**	(360)
(Decrease)/increase in trade and other payables		**(1,745)**	113
Cash generated from operations		**2,422**	1,544
Interest received		**4**	-
Interest paid		**(305)**	(203)
Tax paid		**(287)**	(553)
Net cash flow from operating activities		**1,834**	788
Cash flow from investing activities			
Payment of deferred consideration		**(592)**	(2,528)
Proceeds from sale of HSM Limited	12	**403**	-
Acquisition of subsidiaries net of cash acquired		**-**	(647)
Acquisition of intangible assets		**(297)**	(448)
Acquisition of property, plant and equipment	14	**(252)**	(865)
Net cash outflow from investing activities		**(738)**	(4,488)
Cash flow from financing activities			
Increase in borrowings		**-**	2,000
Repayment of borrowings		**(900)**	(1,200)
Acquisition of non-controlling interest		**(138)**	-
Proceeds from issue of share capital		**-**	1,316
Net cash inflow from financing activities		**(1,038)**	2,116
Net increase/(decrease) in cash and cash equivalents		**58**	(1,584)
Cash and cash equivalents at beginning of year		**632**	2,216
Cash and cash equivalents at end of year		**690**	632
Cash and cash equivalents comprise:			
Cash at bank and in hand		**690**	632
Bank overdrafts		**-**	-
Cash and cash equivalents at end of year		**690**	632

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	Share option reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Equity attributable to parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 31 March 2017	**34,657**	**9,108**	**125**	**(25)**	**504**	**19**	**(12,646)**	**31,742**	**1,513**	**33,255**
Issue of share capital	335	980	-	-	-	-	-	1,315	-	1,315
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	211	211
Charge in respect of share-based payments	-	-	-	-	232	-	-	232	-	232
Transactions with owners	335	980	-	-	232	-	-	1,547	211	1,758
Loss for the period	-	-	-	-	-	-	(1,127)	(1,127)	(6)	(1,133)
Retranslation of foreign currency	-	-	-	-	-	(39)	-	(39)	-	(39)
Total comprehensive income for the period	-	-	-	-	-	(39)	(1,127)	(1,166)	(6)	(1,172)
Balance at 31 March 2018	**34,992**	**10,088**	**125**	**(25)**	**736**	**(20)**	**(13,773)**	**32,123**	**1,718**	**33,841**
Acquisition of non-controlling interests	-	-	-	-	-	-	569	569	(707)	(138)
Charge in respect of share-based payments	-	-	-	-	102	-	-	102	-	102
Transactions with owners	-	-	-	-	102	-	569	671	(707)	(36)
Profit/(loss) for the period	-	-	-	-	-	-	(2,685)	(2,685)	140	(2,545)
Retranslation of foreign currency	-	-	-	-	-	20	-	20	-	20
Total comprehensive income for the period	-	-	-	-	-	20	(2,685)	(2,665)	140	(2,525)
Balance at 31 March 2019	**34,992**	**10,088**	**125**	**(25)**	**838**	**-**	**(15,889)**	**30,129**	**1,151**	**31,280**

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, except as set out below.

Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 April 2018
The Group has adopted both IFRS 9 and IFRS 15 during the year. Details of these are below and in the notes to the accounts.

Going concern
Following slow trading conditions in the UK in Q4 of FY19 and the first quarter of FY20 and the impact on the results of the Group in those periods, the Group's forecasts indicate that the Group is likely to require additional funds to continue to meet its obligations as they fall due until 30 September 2020.

The Company remains in constructive dialogue with its debt and certain equity holders with regards to the Company's financing requirements with a view to obtaining an enlarged working capital facility.

Notwithstanding positive indications of support for an enlarged working capital facility there is a risk that the Group will not have sufficient cash to meet its requirements for the next twelve months and the Directors have concluded that these circumstances represent a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Nonetheless, the Directors expect that the Group will be able to obtain the additional funding required to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments that would arise if the going concern basis of preparation was not considered appropriate.

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
IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and several revenue-related interpretations. The new standard has been applied retrospectively without restatement. The adoption of IFRS 15 has had no impact on previously reported results or retained earnings.

Revenue is generated mainly under the following four contractual models:

1. Monthly retainers
2. Project based
3. Consulting day rates
4. Licences (with and without support)

The different revenue streams for the Group have been assessed and a view taken on whether the application of IFRS 15 would lead to a change in the way revenue is recognised for the work performed.

The Group have used the following five steps to do this:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when the performance obligations are satisfied

The Group often enters into transactions involving a range of the Group's products and services, for example providing a client with data consultancy and brand development work. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised over time, as the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 19). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its statement of financial position (see Note 17).

<u>Monthly retainers</u>
A client will sign up to a contract for a period of between six and 18 months, with a fixed fee each month for an agreed amount of work to be performed. Under each contract, there may be more than one service provided to the customer, each with different performance obligations, such as PPC and SEO management, which will have agreed KPIs. These services will be set out in the contract with revenue amounts associated and the revenue streams will be recognised separately.

The transaction price is set out in the contract for each service provided and revenue is allocated to the various performance obligations on this basis. The customer may choose to take additional services for a period of time, which would be subject to a separate agreement. Any performance fees payable under a contract would relate to a specific month and be calculated in line with the provisions set out in the contract.

Revenue is recognised over time as the customer simultaneously receives and consumes the benefits of the services as the service is performed. It is recognised using the output method, on a straight line basis over the life of the contract as the amount of work required to perform under these contracts does not vary significantly from month to month, therefore the straight line method provides a faithful depiction of the transfer of goods or services.

<u>Project based</u>
A client will enter into a framework agreement which covers all work performed by Jaywing, and will then issue a brief or PO for a specific piece of work to be performed. This could be the development of a website for a client, or the production of a creative campaign. The work would normally take a period of between one and six months to complete.

Normally a specific brief or work order is provided for a project under the overall framework agreement. This will detail the services to be provided to the customer, with a price set out against each element as appropriate. The transaction price is set out in the work order for each element of the project. The customer may choose to vary the scope at any stage, and that would be subject to an updated work order. That work order would still be part of the original contract as those services would not be distinct from those in the original contract.

Revenue is recognised over time using the input method as Jaywing's performance creates or enhances an asset that the customer controls as the asset is created or enhanced and the revenue recognised reflects the efforts or inputs Jaywing has made to the satisfaction of the performance obligation.

<u>Consulting day rates</u>
A client will enter into a contract for a piece of work that is quoted as a number of days charged at a rate per day. This work will be either risk, marketing or data based and could involve building models, databases and analysis of data. Invoices will usually be raised monthly for the number of days of work performed.

A specific piece of work is contracted for which will normally be a number of days work charged at a rate per day, with different rates for different levels of seniority. The transaction price is set out in the contract. The customer may choose to vary the scope at any stage, and that would be subject to an updated work schedule. That work order would still be part of the original contract as those services would not be distinct from those in the original contract.

Revenue is recognised over time as the customer simultaneously receives and consumes the benefit of the services as the services are performed. It is recognised using the input method, based on the number of days work performed during the month.

<u>Licences</u>
A client enters into a contract for a product licence, including support from Jaywing to run that product and interpret the results from it. The product and support are not separately identifiable because the client is not able to operate the product licence without this support as they do not have the skills or a login to the system.

Revenue is recognised over time based on the provision of the licence and support during the month as the customer simultaneously receives and consumes the benefit of the services as the services are provided.

Each of these revenue streams have been assessed and the Group has concluded that for the contracts currently in place with customers, there is no change in the method of revenue recognition from that done historically. Further detail can be found in note 1.

There are no differences in payment terms for each of these categories, the only differences in payments terms are from individual terms agreed with clients which are between 30 and 60 days.

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 33 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
Office equipment	-	3 - 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, which 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.

Put/call options
The put/call options in Massive Group PTY and Frank Digital PTY have been valued by an independent assessor and are recognised with both a service and non-service element in the accounts. The non-service element is fully recognised as at the date of acquisition and the fair value reviewed annually. The service element is treated as a cash settled share-based payment with the share-based payment valued at the point of inception and the cost being spread over the life of the asset.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 35).

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, 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. Where the options do not have any market conditions attached, the number expected to vest 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
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Adoption of IFRS 9 has not resulted in any amendment to previously reported results or retained earnings.

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 three areas: Brand Performance, Online Performance and Data, Analysis & Technology. Central Costs represents the Group's head office function, along with intragroup transactions.

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

Standards and interpretations in issue at 31 March 2019 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 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.

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.

The Directors have assessed the impact of the implementation of IFRS 15 and do not believe it will have a material impact on the way revenues are recognised across the Group.

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group has decided not to adopt early.

Management is in the process of assessing the full impact of the Standard. So far, the Group:
• has decided to make use of the practical expedient, not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts.
• believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for the office and production buildings currently treated as operating leases. At 31 March 2019 the future minimum lease payments amounted to £2,995,000. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense
• concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position

The Group is planning to adopt IFRS 16 on 1 April 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group needs to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group is currently assessing the impact of applying these other transitional reliefs.

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.

Minority interests
The profit or loss attributable to the minority ownership stakes in subsidiary companies is transferred from Retained Earnings to Minority Interest each year.

Notes to the Consolidated Financial Statements

1. Segmental analysis

Following the sale of HSM Limited, the Group has changed the segments that it reports in to reflect more accurately the way that the business is managed. Jaywing now reports its business activities in three areas: Brand Performance, Online Performance and Data, Analysis & Technology. Central Costs represents the Group's head office function, along with intragroup transactions. The 2018 results have been restated into the new segments.

Central Costs have been restated for the year ended 31 March 2018 to be consistent with the period to 31 March 2019 where costs have been reallocated to the segments where possible.

The Group primarily derives its revenue from the provision of digital marketing services in the UK. Approximately £4,872,000 (2018: £2,850,000) of sales were made to clients in Australia. During the year, one customer included within the Data, Analysis & Technology sector accounted for greater than 10% of the Group's revenue (2018: One customer).

For the year ended 31 March 2019 – continuing operations

	Brand Performance £'000	Online Performance £'000	Data, Analysis & Technology £'000	Central Costs £'000	Total £'000
Revenue	11,685	13,289	12,446	(1,866)	35,554
Direct costs	(2,504)	(609)	(4,502)	1,906	(5,709)
Gross profit	9,181	12,680	7,944	40	29,845
Operating expenses excluding depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	(8,224)	(9,931)	(6,225)	(2,136)	(26,516)
Operating profit before depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	**957**	**2,749**	**1,719**	**(2,096)**	**3,329**
Other operating income	13	-	-	-	13
Depreciation	(89)	(203)	(36)	(84)	(412)
Amortisation	(897)	(811)	(87)	-	(1,795)
Impairment to the carrying value of goodwill	(1,050)	-	-	-	(1,050)
Exceptional costs	(27)	(108)	(214)	(779)	(1,128)
Acquisition related costs	(66)	(100)	-	577	411
Charges for share-based payments	(14)	(19)	(27)	(117)	(177)
Operating (loss)/profit	(1,173)	1,508	1,355	(2,499)	(809)
Finance income					4
Finance costs					(305)
Loss before tax					(1,110)
Tax expense					175
Loss for the period					(935)

Exceptional costs relate predominantly to compensation for loss of office which is detailed in note 8.

For the year ended 31 March 2018 – continuing operations

	Brand Performance £'000	Online Performance £'000	Data, Analysis & Technology £'000	Central Costs £'000	Total £'000
Revenue	12,056	12,374	19,130	(2,049)	41,511
Direct costs	(2,554)	(859)	(9,298)	2,049	(10,662)
Gross profit	9,502	11,515	9,832	-	30,849
Operating expenses excluding depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	(7,853)	(10,226)	(6,852)	(3,029)	(27,960)
Operating profit before depreciation, amortisation, loss before tax on disposal, exceptional items, acquisition related costs and charges for share-based payments	**1,649**	**1,289**	**2,980**	**(3,029)**	**2,889**
Other operating income	64	-	-	-	64
Depreciation	(102)	(183)	(48)	(102)	(435)
Amortisation	(1,165)	(710)	(30)	-	(1,905)
Exceptional costs	16	(282)	-	(198)	(464)
Acquisition related costs	-	-	-	(827)	(827)
Charges for share-based payments	(52)	-	(4)	(138)	(194)
Operating (loss)/profit	410	114	2,898	(4,294)	(872)
Finance costs					(203)
Loss before tax					(1,075)
Tax expense					83
Loss for the period					(992)

Year ended 31 March 2019

	Brand Performance £'000	**Online Performance £'000**	**Data, Analysis & Technology £'000**	**Central Costs £'000**	**Total £'000**
Assets	**21,741**	**18,235**	**11,645**	**1,614**	**53,235**
Liabilities	**(2,474)**	**(4,493)**	**(1,470)**	**(13,518)**	**(21,955)**
Capital employed	**19,267**	**13,742**	**10,175**	**(11,904)**	**31,280**

Year ended 31 March 2018

	Brand Performance £'000	**Online Performance £'000**	**Data, Analysis & Technology £'000**	**Central Costs £'000**	**Total £'000**
Assets	**27,387**	**17,251**	**14,191**	**764**	**59,593**
Liabilities	**(3,849)**	**(2,834)**	**(3,837)**	**(15,232)**	**(25,752)**
Capital employed	**23,538**	**14,417**	**10,354**	**(14,468)**	**33,841**

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. The Group's assets are based in the UK and Australia.

The Group's non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are located into the following geographic regions:

	2019 £'000	2018 £'000
United Kingdom	**38,563**	41,743
Australia	**138**	158
	38,701	41,901

Non-current assets are allocated based on their physical location. The above table does not include discontinued operations (disposal groups), for which revenue and assets can be attributed to United Kingdom.

Capital additions; Property, plant and equipment

	Brand Performance £'000	Online Performance £'000	Data, Analysis & Technology £'000	Central Costs £'000	Total £'000
Year ended 31 March 2019	**70**	**160**	**-**	**22**	**252**
Year ended 31 March 2018	262	368	22	213	865

The Group's revenue disaggregated by primary geographical markets is as follows:

Year ended 31 March 2019

	Brand Performance £'000	Online Performance £'000	Data, Analysis & Technology £'000	Central Costs £'000	Total £'000
United Kingdom	9,643	10,459	12,446	(1,866)	**30,682**
Australia	2,042	2,830	-	-	**4,872**
Total	**11,685**	**13,289**	**12,446**	**(1,866)**	**35,554**

Year ended 31 March 2018

	Brand Performance £'000	Online Performance £'000	Data, Analysis & Technology £'000	Central Costs £'000	Total £'000
United Kingdom	11,049	10,531	19,130	(2,049)	**38,661**
Australia	1,007	1,843	-	-	**2,850**
Total	**12,056**	**12,374**	**19,130**	**(2,049)**	**41,511**

The Group's revenue disaggregated by pattern of revenue recognition is all for goods transferred over time for both 2019 and 2018.

The determination of the number of distinct performance obligations in a contract requires judgement, based on whether the customer can benefit from the use of the service on its own or together with other resources that are readily available to it, and also whether the promise to transfer the service is separately identifiable from other promises in the contract. As explained in the accounting policy for revenue, our contracts usually include just one distinct performance obligation.

For 2019, revenue includes £1,133k (2018: £675k) included in the contract liability balance at the beginning of the period.

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2019:

	2020 £'000	2021 £'000	2022 £'000	Total £'000
Revenue expected to be recognised	4,619	935	5	**5,559**

2. Other operating income

	2019 £'000	2018 £'000
Other operating income	**13**	64

During the years to 31 March 2018 and 31 March 2019, 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 £13,000. 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:	2019 £'000	2018 £'000
Wages and salaries	**21,082**	21,165
Share-based payments	**177**	194
Depreciation	**412**	435
Exceptional items	**(265)**	275
Amortisation	**1,795**	1,905
Impairment to the carrying value of goodwill	**1,050**	-
Other operating expenses	**5,533**	7,592
	29,784	31,566
Compensation for loss of office	**883**	219
	883	219
	30,667	31,785

Wages and salaries include £Nil (2018: £547,000) of post-acquisition employment costs relating to the purchase of Massive Group PTY, £245,000 (2018: £Nil) of post-acquisition employment costs relating to the purchase of Frank Digital PTY and £100,000 (2018: £Nil) of post-acquisition employment costs relating to the purchase of The Comms Department Ltd.

4. Finance income

	2019 £'000	2018 £'000
Interest income	**4**	-
Total	**4**	-

5. Finance costs

	2019 £'000	2018 £'000
Interest expense	**292**	193
Finance charge on acquisition	**13**	10
Total	**305**	203

6. Tax expense

	2019 £'000	2018 £'000
Recognised in the consolidated statement of comprehensive income:		
Current year tax	**91**	262
Origination and reversal of temporary differences	**(266)**	(345)
Total tax credit	**(175)**	(83)
Reconciliation of total tax charge:		
Loss before tax	**(1,110)**	(1,216)
Taxation using the UK Corporation Tax rate of 19% (2018: 19%)	**(211)**	(231)
Effects of:		
Non-deductible expenses	**36**	148
Total tax credit	**(175)**	(83)

7. (Loss)/profit per share

	2019 Pence per Share	2018 Pence per Share
Basic profit/(loss) per share from continuing operations	**(1.15p)**	(1.06p)
Basic loss per share from discontinued operations	**(1.72p)**	(0.15p)
Basic total loss per share	**(2.87p)**	(1.21p)
Diluted profit/(loss) per share from continuing operations	**(1.15p)**	(1.06p)
Diluted loss per share from discontinued operations	**(1.72p)**	(0.15p)
Diluted total loss per share	**(2.87p)**	(1.21p)

(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:

	2019 £'000	2018 £'000
Profit/(loss) for the year attributable to shareholders from continuing operations	**(1,075)**	(986)
Loss for the year attributable to shareholders from discontinued operations	**(1,610)**	(141)
Total loss for the year attributable to shareholders	**(2,685)**	(1,127)

Weighted average number of ordinary shares in issue:

	2019 Number	2018 Number
Basic	**93,432,217**	93,432,217
Adjustment for share options	**1,706,627**	1,269,928
Diluted	**95,138,844**	94,702,145

Adjusted earnings per share

	2019 Pence per Share	2018 Pence per Share
From continuing and discontinued operations:		
Basic adjusted earnings per share	**1.39p**	1.78p
Diluted adjusted earnings per share	**1.36p**	1.76p

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:

	2019 £'000	2018 £'000
Total loss for the year attributable to shareholders	**(2,685)**	(1,127)
Amortisation	**1,885**	2,033
Impairment to the carrying value of goodwill	**1,050**	-
Loss on sale of HSM Limited	**1,370**	-
Acquisition related costs	**(411)**	827
Charges for share-based payments	**177**	193
Adjusted profit attributable to shareholders	**1,386**	1,926
Current year tax charge	**(91)**	(262)
	1,295	1,664

8. Expenses and auditor's remuneration

	2019 £'000	2018 £'000
The following are included in profit before tax:		
Depreciation of property, plant and equipment	**412**	555
Amortisation of other intangible assets	**1,765**	2,033
Compensation for loss of office	**883**	219
Employee emoluments	**21,014**	25,302
Auditor's remuneration:		
Audit of company financial statements	**36**	34
Other amounts payable to the auditor and its associates in respect of:		
Audit of subsidiary company financial statements	**81**	83
Audit related assurance services	**19**	14
Taxation compliance services	**35**	23
Taxation advisory services	**7**	29
Due diligence services	**-**	37

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 Senior Leadership Team.

	2019 £'000	2018 £'000
Short-term benefits:		
Salaries including bonuses	**2,183**	2,452
Social security costs	**298**	341
Total short-term benefits	**2,481**	2,793
Share-based payment charge	**177**	193
Defined contribution pension plan	**208**	134
Key management compensation	**2,866**	3,120

Further information in respect of Directors is given in the Directors' Remuneration Report on page 16.

Remuneration in respect of Directors was as follows:

	2019 £'000	2018 £'000
Emoluments receivable	**842**	1,191
Fees paid to third parties for Directors' services	**30**	3
Company pension contributions to money purchase pension schemes	**97**	112
	969	1,306

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 £264,000 (2018: £346,000).

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:	**2019 Number**	2018 Number
Management and administration	**80**	88
Call centre operatives	**-**	204
Account management and production	**275**	286
Information strategists	**57**	61
	412	639

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	**17,890**	22,364
Social security costs	**2,003**	2,478
Other pension costs	**1,189**	814
Share option charges – PSP Options (see note 9)	**184**	209
Share option charges – Employers NI (see note 9)	**(7)**	(16)
	21,259	25,849

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:

	2019		2018	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
At start of the year	**6,126,322**	**5.0p**	7,959,291	5.0p
Issued during the year	**2,546,042**	**5.0p**	-	5.0p
Exercised during the year	**-**	**5.0p**	(185,869)	5.0p
Lapsed during the year	**(2,502,438)**	**5.0p**	(1,647,100)	5.0p
At end of the year	**6,169,926**	**5.0p**	6,126,322	5.0p
Exercisable at end of year	**949,639**	**5.0p**	858,117	5.0p

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 2019

		Period of exercise	
Number	**Exercise price**	**From**	**To**
6,169,926	5.0p	01/04/2017	30/09/2022

As at 31 March 2018

		Period of exercise	
Number	**Exercise price**	**From**	**To**
7,959,291	5.0p	01/04/2107	30/09/2020

On 4 May 2016, 30 September 2016 and 2 December 2018, 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, the share price at various future dates and continued employment with Jaywing.

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 BDO LLP, and adopted their findings.

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

	2019 **£'000**
Share price at date of grant	19p
Exercise price	5p
Expected volatility	37.3%
Dividend yield	0%
Risk-free rate	0.88%
Option life	2.3 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 14.10p and 23.12p, depending on the period to which the options relate.

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

12. Disposal of subsidiary

On 10 January 2019, Jaywing plc announced that it had completed the sale of its contact centre business, HSM Limited, for a total transaction value of £403,000 in cash. This was made up of upfront consideration of £500,000, less a cash free/debt free adjustment of £97,000. The funds were provided by Bidco, which is backed by Aquiline Capital Partners LLC, a New York and London-based private equity firm investing in financial services and technology.

At the date of disposal, the carrying amounts of the disposal group's net assets were as follows:

	£'000
Assets	
Non-current assets	
Property, plant and equipment	**164**
Goodwill	**569**
Other intangible assets	**10**
	743
Current assets	
Trade and other receivables	**1,928**
Tax receivable	**30**
Deferred tax asset	**37**
Cash and cash equivalents	**-**
	1,995
Total assets	**2,738**
Liabilities	
Current liabilities	
Bank overdraft	**(241)**
Trade and other payables	**(788)**
	(1,029)
Net assets of disposal group	**1,709**
Disposal proceeds (net of professional fees, sale incentive and completion accounts provision)	**(339)**
Loss on disposal	**1,370**

The loss on disposal is included in the loss for the year from discontinued operations in the Consolidated Statement of Comprehensive Income.

Operating profit of the disposal group until the date of disposal is summarised as follows:

	Period ended 31 Dec 2019 £'000	Year ended 31 March 2018 £'000
Revenue	**5,152**	6,030
Direct costs	**(118)**	(164)
Gross profit	**5,034**	5,866
Amortisation	**(93)**	(128)
Operating expenses	**(5,181)**	(5,888)
Operating loss	**(240)**	(150)
Loss before tax	**(240)**	(150)
Tax credit	**-**	9
Loss for the period from discontinued operations	**(240)**	(141)
Loss on disposal	(1,370)	
Total loss from discontinued operations	**(1,610)**	

Cashflows generated by the disposal group for the reporting periods under review until its disposal are as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Net cash outflow from operating activities	**(133)**	(429)
Net cash inflow/(outflow) from investing activities	**296**	(204)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts from discontinued operations	**163**	(633)

Of the cashflows from investing activities, £339,000 relates to the proceeds from the sale of the disposal group.

13. Interests in Subsidiaries

The details of subsidiaries held directly by the Group are set out in Note 11 of the plc parent company accounts. The Group includes two subsidiaries (2018: three) with material non-controlling interests (NCI):

Name	**Proportion of ownership interests and voting rights held by NCI**		**Total comprehensive income allocated to NCI**		**Accumulated NCI**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Massive Group PTY	25%	25%	**109**	69	909	800
Frank Digital PTY	25%	25%	**31**	-	242	211
Jaywing Innovation Ltd	0%	25%	**-**	(75)	-	707
			140	(6)	1,151	1,718

No dividends were paid to the NCI during the years 2019 and 2018. During the year, Jaywing plc acquired the 25% of Jaywing Innovation Ltd not previously owned for consideration of £138k and the £707k was transferred into retained earnings as can be seen on the Consolidated statement of changes in equity.

Management are of the view that Massive Group PTY is material to the results of the Group and further financial information is disclosed below:

	2019 £'000	2018 £'000
Non-current assets	108	126
Current assets	1,439	772
Total assets	**1,547**	**898**
Non-current liabilities	**-**	-
Current liabilities	(438)	(208)
Total liabilities	**(438)**	**(208)**
Equity attributable to owners of the parent	**832**	518
Non-controlling interest	**909**	800

	2019 £'000	2018 £'000
Revenue	**2,831**	1,843
Profit and total comprehensive income for the year attributable to owners of the parent	**436**	276
Profit and total comprehensive income for the year attributable to NCI	**109**	69
Profit and total comprehensive income for the year	**545**	345

	2019 £'000	2018 £'000
Net cash from operating activities	**-**	79

14. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2017	**1,214**	**2,026**	**3,240**
Additions	523	342	865
Acquisition of subsidiaries	-	112	112
Disposals	-	(107)	(107)
At 31 March 2018	**1,737**	**2,373**	**4,110**
Additions	106	146	252
Disposals	(405)	(1,108)	(1,513)
At 31 March 2019	**1,438**	**1,411**	**2,849**
Depreciation			
At 1 April 2017	**745**	**1,400**	**2,145**
Depreciation charge for the year	477	78	555
Acquisition of subsidiaries	-	72	72
Depreciation on disposals	-	(105)	(105)
At 31 March 2018	**1,222**	**1,445**	**2,667**
Depreciation charge for the year	183	322	505
Depreciation on disposals	(387)	(951)	(1,338)
At 31 March 2019	**1,018**	**816**	**1,834**
Net book value			
At 31 March 2019	**420**	**595**	**1,015**
At 31 March 2018	515	928	1,443
At 1 April 2017	469	626	1,095

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

15. Goodwill

	Goodwill £'000
Cost and net book value	
At 1 April 2018	34,496
Finalisation of fair value related to acquisitions made in the year ended 31 March 2018	176
Impairment to the carrying value of goodwill	(1,050)
Disposals	(568)
At 31 March 2019	**33,054**

	2019	2018
Brand Performance	**£'000**	£'000
Scope Creative Marketing Limited	5,550	5,550
Jaywing Central Limited	5,205	6,255
Bloom Media (UK) Limited	4,287	4,287
Frank Digital PTY	818	662
Online Performance		
Epiphany Solutions Limited	5,957	5,937
Massive Group PTY	1,895	1,895
Data, Analysis & Technology		
Alphanumeric Limited	9,342	9,342
Discontinued Operations		
HSM Limited	-	568
	33,054	**34,496**

The additions in the year relate to existing investments as fair values were finalised around the acquisition and put / call options.

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 2019/20 to 2026/27 were used. These were based on the forecast for 2020 with growth rates of 5% to 25% then applied for the following three years, and 2.0% to 7.5% for the next 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
2020/21 to 2022/23	**5.0% - 25.0%**
2023/24 to 2025/26	**2.0% - 7.5%**
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 growth rates used, and the periods they cover are based on an ability to deliver additional revenue efficiently. They also assume future financing is made available as discussed in the Directors' Report.

The discount rate used to test the cash generating units was the Group's pre-tax Weighted Average Cost of Capital ("WACC") of 10.2% (2018:11.5%). 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 £1,050k to Jaywing Central Limited was considered necessary (2018: £Nil). Reduced spend from a large client has created the need for this impairment.

The Directors have performed a sensitivity analysis in relation to the WACC used, which showed that no impairment would be required for WACCs of up to 15% in other CGUs apart from Jaywing Central Limited.

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 CGU no impairment charge would be required apart from Jaywing Central Limited.

16. Other intangible assets

	Customer relationships	Order books	Trademarks	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2017	**23,169**	**1,457**	**1,080**	**788**	**26,494**
Additions during the year from acquisitions	317	-	-	-	317
Additions during the year	-	-	-	448	448
At 31 March 2018	**23,486**	**1,457**	**1,080**	**1,236**	**27,259**
Additions during the year	-	-	-	251	251
Disposal	(2,181)	-	-	(16)	(2,197)
At 31 March 2019	**21,305**	**1,457**	**1,080**	**1,471**	**25,313**
Amortisation					
At 1 April 2017	**17,327**	**1,457**	**171**	**309**	**19,264**
Amortisation charge for the year	1,852	-	79	102	2,033
At 31 March 2018	**19,179**	**1,457**	**250**	**411**	**21,297**
Amortisation charge for the year	1,612	-	63	210	1,885
Amortisation adjustment	-	-	-	(52)	(52)
Disposals	(2,181)	-	-	-	(2,181)
At 31 March 2019	**18,610**	**1,457**	**313**	**569**	**20,949**
Net book amount					
At 31 March 2019	**2,695**	**-**	**767**	**902**	**4,364**
At 1 April 2018	4,307	-	830	825	5,962
At 1 April 2017	5,842	-	909	479	7,230

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%.

Development costs relate to internally developed products that are either sold to clients standalone or used to provide services to them.

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 15. On the basis of this review, it has been concluded that there is no need to impair the carrying value of these intangible assets (2018: £Nil).

17. Trade and other receivables

	2019	2018
	£'000	£'000
Trade receivables	**6,215**	8,042
Prepayments and accrued income	**1,530**	3,439
Deferred tax	**95**	124
Other receivables	**416**	149
	8,256	11,754

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

All of the Group's trade and other receivables have been reviewed for indicators of impairment and lifetime credit losses. Certain trade receivables were found to be impaired, and a loss allowance for lifetime credit losses has been recorded. The amount charged to the consolidated income statement for the year in relation to expected credit losses was £87,000 (2018: £35,000). 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:

	2019
	£'000
Balance at start of the year calculated under IAS 39	**70**
Amounts written off (uncollectible)	**(96)**
Impairment loss reversed	**(6)**
Impairment loss	**120**
Balance at end of the year	**88**

The transition to IFRS 9 did not result in any adjustment.

18. Bank and overdraft, loans and borrowings

	2019 £'000	2018 £'000
Summary		
Borrowings	**5,650**	6,550
	5,650	6,550
Borrowings are repayable as follows:		
Within one year		
Borrowings	**1,800**	4,750
Total due within one year	**1,800**	4,750
In more than one year but less than two years	**3,850**	1,800
In more than two years but less than three years	**-**	-
In more than three years but less than four years	**-**	-
Total amount due	**5,650**	6,550
Average interest rates at the balance sheet date were:	**%**	%
Term loan	**4.10**	2.25
Revolver loan	**N/A**	2.25

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 2019 were £2.0 million (2018: £2.0 million) and, taking into account cash balances within the Group companies, there was £2.7 million (2018: £2.6 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 2018 £'000	Cash flow £'000	31 March 2019 £'000
Cash and cash equivalents	632	58	**690**
	632	58	**690**
Borrowings	(6,550)	900	**(5,650)**
Net debt	(5,918)	958	**(4,960)**

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

	Long-term borrowings £'000	Short-term borrowings £'000	Total £'000
1 April 2018	1,800	4,750	**6,550**
Cash-flows:			
- Repayment	(900)	(3,550)	**(4,450)**
- Proceeds	2,950	600	**3,550**
31 March 2019	**3,850**	**1,800**	**5,650**

	Long-term borrowings £'000	Short-term borrowings £'000	Total £'000
1 April 2017	1,000	4,750	**5,750**
Cash-flows:			
- Repayment	(1,200)	-	**(1,200)**
- Proceeds	2,000	-	**2,000**
31 March 2018	**1,800**	**4,750**	**6,550**

19. Trade and other payables

	2019	2018
	£'000	£'000
Trade payables	**2,604**	3,087
Tax and social security	**1,137**	1,694
Other payables, accruals and deferred income	**5,805**	7,764
	9,546	12,545

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

Other payables, accruals and deferred income include deferred consideration (comprising put/call options and other deferred consideration) which is carried at fair value through profit and loss (see note 35).

20. Provisions

	2019	2018
	£'000	£'000
At start of the year	**151**	173
Additional provisions	**-**	(22)
Disposal of HSM Limited	**(109)**	-
At end of the year	**42**	151
Total provisions are analysed as follows:		
Current	**42**	151
	42	151

At 31 March 2019 a provision of £42,000 (2018: £151,000) was recognised for dilapidations costs expected to be incurred on exit of property. 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.

21. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities:

	2019 £'000	2018 £'000
Accelerated capital allowances on property, plant and equipment:		
At start of year	**(1)**	45
Prior year adjustment	**(2)**	-
Rate change	**-**	1
Origination and reversal of temporary differences	**15**	(47)
At end of year	**12**	(1)
Other temporary differences:		
At start of year	**828**	1,077
Prior year adjustment	**2**	-
Rate change	**-**	3
Origination on acquisition	**-**	54
Origination and reversal of temporary differences	**(281)**	(306)
At end of year	**549**	828
Total deferred tax:		
At start of year	**827**	1,122
Rate change	**-**	4
Origination on acquisition	**-**	54
Origination and reversal of temporary differences (note 6)	**(266)**	(353)
At end of year	**561**	827
Origination on acquisition		
Deferred tax is included within:		
Deferred tax liability	**656**	951
Deferred tax asset	**(95)**	(124)
	561	827

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.

22. Share capital

Authorised:

	45p deferred shares £'000	5p ordinary shares £'000
Authorised share capital at 31 March 2018 and at 31 March 2019	**45,000**	**10,000**

Allotted, issued and fully paid:

	45p deferred shares Number	5p ordinary shares Number	£'000
At 31 March 2018	67,378,520	93,432,217	34,992
At 31 March 2019	**67,378,520**	**93,432,217**	**34,992**

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 are also incapable of transfer and no share certificates have been issued in respect of them.

23. Share premium

	2019 £'000	2018 £'000
At start of year	**10,088**	9,108
Issue of share capital	**-**	980
At end of year	**10,088**	10,088

24. Treasury shares

	2019 £'000	2018 £'000
At start and end of year (99,622 shares)	**(25)**	(25)

25. Capital redemption reserve

	2019 £'000	2018 £'000
At start and end of year	**125**	125

26. Share option reserve

	2019 £'000	2018 £'000
At start of year	**736**	504
Share option charge	**102**	232
At end of year	**838**	736

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

27. Minority interest

	2019 £'000	2018 £'000
At start of year	**1,718**	1,513
(Disposal)/acquisition of subsidiaries	**(707)**	211
Share of profit/(loss) for the year	**140**	(6)
At end of year	**1,151**	1,718

28. Foreign currency translation reserve

	2019 £'000	2018 £'000
At start of year	**(20)**	19
Exchange differences on translation of foreign operations	**20**	(39)
At end of year	**-**	(20)

29. Retained earnings

	2019 £'000	2018 £'000
At start of year	**(13,773)**	(12,646)
Acquisition of non-controlling interest	**569**	-
Retained (loss)/profit for the year	**(2,685)**	(1,127)
At end of year	**(15,889)**	(13,773)

30. 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 2019	**695**	**1,990**	**310**	**2,995**
31 March 2018	645	2,945	631	4,221
31 March 2017	449	2,565	798	3,812

The Company leases a number of office premises under operating leases. During the year £447,000 (2018: £741,000) was recognised as an expense in the Statement of comprehensive income in respect of operating leases.

31. Capital commitments

The Group had no commitments to purchase property, plant and equipment at 31 March 2019 (2018: £Nil).

32. Related parties

The services of Mark Carrington as Non Executive Director of the Company were purchased from Deacon Street Partners Limited for a fee of £30,000 (2018: £2,500). At the year end, £7,500 (2018: £2,500) was outstanding to Deacon Street Partners Limited.

During the period, the company made sales of £25,683 (2018: £17,646) to Run For All Limited, a company in which Mr R Shaw is a Non-executive Director. At 31 March 2019 the balance receivable from Run For All Limited was £23,205 (2018: £330).

During the period, the company made sales of £59,661 (2018: £362,087) to Impellam plc, a company that Lord Michael Ashcroft, the largest Jaywing plc shareholder, is Chairman of. At 31 March 2019 the balance receivable from Impellam plc was £5,000 (2018: £50,951).

33. Accounting estimates and judgements

Accounting estimates

Impairment of goodwill and other intangible assets

The carrying amount of goodwill is £33,054k (2018: £34,496k) and the carrying amount of other intangible assets is £4,394k (2018: £5,962k). 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 15.

Share-based payment

On 4 May 2016, 30 September 2016 and 2 December 2018, 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, the share price at various future dates or continued employment with Jaywing.

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

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. For other income sources, revenue recognition is assessed in line with the five steps of IFRS.

Availability of finance

The Directors have a clear expectation that the Group will be able to obtain the further funding required to enable it to continue to adopt the going concern basis in preparing the financial statements.

Identification of performance obligations

The determination of the number of distinct performance obligations in a contract requires judgement, based on whether the customer can benefit from use of the service on its own or together with other resources that are readily available to it, and also whether the promise to transfer the service is separately identifiable from other promises in the contract. As explained in the accounting policy for revenue, contracts usually include just one distinct performance obligation.

Allocation of the transaction price to performance obligations

Where a contract contains multiple performance obligations, the transaction price is required to be allocated to the different performance obligations. Wherever possible, the transaction price is allocated on a standalone selling price basis, by reference to the agreed customer statement of works. In the event that this is not available, the price is allocated to the various performance obligations on a reasonable basis with reference to the expected time involved in performing the service and management's experience of similar projects.

34. 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.

	2019	2018
	£'000	£'000
Financial assets:		
Floating interest rate:		
Cash	**690**	632
Zero interest rate:		
Trade receivables	**6,215**	8,042
	6,905	8,674
Financial liabilities:		
Floating interest rate:		
Overdrafts	**-**	-
Bank loans/revolving facility	**5,650**	6,550
Zero interest rate:		
Trade payables	**2,604**	3,087
	8,254	9,637

As at 31 December 2019, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 March 2019	**Current**		**Non-current**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**later than 5 years**
	£'000	**£'000**	**£'000**	**£'000**
Bank borrowings	**1,005**	987	3,954	-
Trade and other payables	**9,546**	-	-	-
Total amount due	**10,551**	987	3,954	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

31 March 2018	**Current**		**Non-current**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**later than 5 years**
	£'000	**£'000**	**£'000**	**£'000**
Bank borrowings	**638**	630	1,837	-
Trade and other payables	**12,545**	-	-	-
Total amount due	**13,183**	630	1,837	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting 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 £61,846 lower, and if the interest rate on these liabilities had been 1% lower, profit before tax would have improved by £61,846.

Credit risk

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 March 2019 and 1 January respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement, amongst other things, are considered indicators of no reasonable expectation of recovery.

The Directors consider that the Group's trade receivables were impaired for the year ended 31 March 2019 and a provision for £61,000 (2018: £70,000) has been provided accordingly. See Note 17 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:

	2019	2018
	£'000	£'000
Financial assets		
Loans and receivables		
Trade and other receivables	**6,631**	8,191
Cash and cash equivalents	**690**	632
	7,321	8,823

Financial liabilities:		
Current:		
Financial liabilities measured at amortised cost		
Borrowings	**(5,650)**	(6,550)
Trade and other payables	**(9,546)**	(12,545)
Provisions for liabilities	**(42)**	(151)
	(15,238)	(19,246)
Net financial assets and liabilities	**(7,917)**	(10,423)
Plant, property and equipment	**1,015**	1,443
Goodwill	**33,054**	34,496
Other intangible assets	**4,364**	5,962
Prepayments	**1,530**	3,439
Deferred tax	**95**	124
Taxation payable	**(205)**	(249)
Provisions for deferred tax	**(656)**	(951)
	39,197	44,264
Total equity	**31,280**	33,841

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:

	2019 £'000	2018 £'000
Total equity	**31,280**	33,841

35. Financial risk management

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 March 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities	**£'000**	**£'000**	**£'000**	**£'000**
Put/call options and other deferred consideration	-	-	(1,632)	(1,632)
Net fair value	**-**	**-**	**(1,632)**	**(1,632)**

31 March 2018 **Financial liabilities**	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Put/call options and other deferred consideration	-	-	(1,417)	(1,417)
Net fair value	**-**	**-**	**(1,417)**	**(1,417)**

There were no transfers between Level 1 and Level 2 in 2019 or 2018.

Measurement of fair value of financial instruments
The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates.

The following valuation techniques are used for instruments categorised in Levels 2 and 3:
• Contingent consideration (Level 3) – The fair value of put/call options and other deferred consideration related to acquisitions is estimated using a present value technique. The £1,632k fair value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting at 11.5%. The probability-weighted cash outflows before discounting are £1,874k and reflect management's estimate of a 100% probability that the contract's target level will be achieved. The discount rate used is 11.5%, based on the Group's estimated incremental borrowing rate for unsecured liabilities at the reporting date, and therefore reflects the Group's credit position. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Description	**Significant unobservable input**	**Estimate of the input**	**Sensitivity of the fair value measurement to input**
Put/call options and other deferred consideration	Probability of meeting target	100%	Not applicable

There are no significant interrelationships between the inputs and the unobservable inputs.

Level 3 fair value measurements
The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Put/call options and other deferred consideration **£'000**
Balance at 1 April 2018	1,417
Gains recognised in profit or loss	-
Balance at 31 March 2019	**1,417**
Acquired through business combination	82
Amount recognised in profit or loss	133
Balance at 31 March 2019	**1,632**

36. Post balance sheet event
Trading conditions in the first quarter led to a reperformance of the impairment and going concern reviews. The results of these can be found in note 15 and the Principal accounting policies.

Company profit and loss account

	Note	2019 £'000	2018 £'000
Turnover		**40**	-
Administrative expenses	2	**(13,207)**	(5,796)
Operating loss	3	**(13,167)**	(5,796)
Income from fixed asset investment	4	**6,546**	6,240
Interest payable and similar charges	5	**(290)**	(199)
(Loss) / profit on ordinary activities before taxation		**(6,911)**	245
Taxation on ordinary activities	6	**(57)**	119
(Loss) / profit and total comprehensive income on ordinary activities after taxation	17	**(6,968)**	364

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

Company Financial Statements

Company balance sheet

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	**355**	417
Investments	11	**51,460**	58,847
		51,815	59,264
Current assets			
Debtors due < 1 year	12	**2,326**	2,250
		2,326	2,250
Current liabilities			
Creditors: amounts falling due within one year	13	**(11,938)**	(14,495)
Total assets less current liabilities		**42,203**	47,019
Non current liabilities			
Creditors: amounts falling due after more than one year	14	**(3,850)**	(1,800)
Net assets		**38,353**	45,219
Capital and reserves			
Called up share capital	16	**34,992**	34,992
Share premium account	17	**10,088**	10,088
Treasury shares	18	**(25)**	(25)
Share option reserve	17	**838**	736
Capital redemption reserve	17	**125**	125
Profit and loss account	17	**(7,665)**	(697)
Equity shareholders' funds		**38,353**	45,219

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2019.

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 2017	34,657	9,108	(25)	504	125	(1,061)	**43,308**
Share-based payment charge	-	-	-	232	-	-	232
Issue of share capital	335	980	-	-	-	-	1,315
Transactions with owners	335	980	-	232	-	-	1,547
Profit for the year and total other comprehensive income	-	-	-	-	-	364	364
Total comprehensive income	335	980	-	232	-	364	1,911
At 31 March 2018	34,992	10,088	(25)	736	125	(697)	**45,219**
At 1 April 2018	34,992	10,088	(25)	736	125	(697)	45,219
Share-based payment charge	-	-	-	102	-	-	102
Issue of share capital	-	-	-	-	-	-	-
Transactions with owners	-	-	-	102	-	-	102
Profit for the year and total other comprehensive income	-	-	-	-	-	(6,968)	(6,968)
Total comprehensive income	-	-	-	102	-	(6,968)	(6,866)
At 31 March 2019	34,992	10,088	(25)	838	125	(7,665)	**38,353**

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

Notes to the parent Company Financial Statements

1. Accounting policies

Jaywing plc is incorporated in England and Wales.

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)
11 IFRS 9 disclosures in respect of allowances for expected credit losses reconciliations and credit risk and hedge accounting
12. IFRS 15 disclosures in respect of disaggregation of revenue, contract assets reconciliations and contract liabilities reconciliation and unsatisfied performance obligations

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.

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:

- Leasehold improvements: 5-10 years
- 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:

- financial assets subsequently measured at amortised costs

There are no financial assets that have been designated as fair value through other comprehensive income, or fair value through profit or loss.

All financial assets 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.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Financial Instruments – 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 be collected 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. The only invoice recognised was for project management support provided to a client. This has been assessed in line with the five steps set out in IFRS 15:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when the performance obligations are satisfied

Based on the above, the 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 the 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.

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.

Put/call options
The put/call options in Massive Group PTY and Frank Digital PTY have been valued by an independent assessor and are recognised with both a service and non-service element in the accounts. The non-service element is fully recognised as at the date of acquisition and the fair value reviewed annually. The service element is treated as a cash settled share-based payment with the share-based payment valued at the point of inception and the cost being spread over the life of the asset.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 35).

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.

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

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

	2019	2018
	£'000	£'000
Share based payment charge	**133**	154
Related National Insurance charge	**(17)**	(17)
Impairment of carrying value of investment	**7,130**	-
Administrative expenses	**5,961**	5,659
Total administrative expenses	**13,207**	5,796

100% of turnover arose in the United Kingdom (2018: 100%).

3. Operating loss

	2019	2018
Operating loss is stated after charging:	£'000	£'000
Depreciation of owned fixed assets	**84**	102

4. Income from fixed asset investments

	2019	2018
	£'000	£'000
Dividends received from subsidiary companies	**6,546**	6,240

5. Other interest payable and similar charges

	2019	2018
	£'000	£'000
Bank interest payable	**277**	189
Finance charge on acquisition	**13**	10
Total	**290**	199

6. Tax on ordinary activities

The tax charge is based on the profit for the year and represents:	2019	2018
	£'000	£'000
UK corporation tax at 19% (2018: 19%)	**1,037**	1,096
Adjustment in respect of prior period	**(1,096)**	(981)
Total current tax	**(59)**	115
Deferred tax:		
Origination and reversal of timing differences	**2**	4
	(57)	119

The tax credit can be explained as follows:	2019	2018
	£'000	£'000
Profit before tax	**(6,911)**	245
Tax using the UK corporation tax rate of 19% (2018: 19%)	**(1,313)**	47
Effect of:		
Non-taxable income	**(1,195)**	(909)
Non-deductible expenses	**1,355**	-
Prior year adjustment	**1,096**	981
Current year credit	**(57)**	119

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

	2019	2018
Average number of staff employed by the Company	**34**	36

	2019	2018
Aggregate emoluments (including those of Directors):	**£'000**	£'000
Wages and salaries	**3,156**	3,381
Social security costs	**355**	393
Pension contribution	**196**	163
Share based payment charge	**116**	137
Total emoluments	**3,823**	4,074

Further information in respect of Directors is given in the Directors' Remuneration table on page 16.

Remuneration in respect of Directors was as follows:

	2019	2018
	£'000	£'000
Emoluments receivable	**842**	1,191
Fees paid to third parties for Directors' services	**30**	3
Company pension contributions to money purchase pension schemes	**97**	112
	969	1,306

The highest paid director received remuneration of £264,000 (2018: £346,000).

9. Dividends

The Directors do not recommend the payment of a dividend for the current year (2018: £Nil).

10. Tangible fixed assets

	Leasehold Improvements	**Fixtures & fittings**	**Total**
	£'000	**£'000**	**£'000**
Cost at 1 April 2018	389	233	622
Additions	-	22	22
Cost at 31 March 2019	**389**	**255**	**644**
Depreciation at 1 April 2018	40	165	205
Charge for the year	40	44	84
Depreciation at 31 March 2019	**80**	**209**	**289**
Net book value at 31 March 2019	**309**	**46**	**355**
Net book value at 31 March 2018	349	68	417

11. Investments

	Subsidiaries £'000
Cost at 1 April 2018	58,847
Acquisition of non-controlling interest	707
Fair value adjustment in respect of prior year additions	82
Disposal	(1,046)
Impairment	(7,130)
Capital contribution for share option scheme	34
Recharge of capital contribution from group companies	(34)
Cost as at 31 March 2019	**51,460**

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 15 in the Group's financial statements. This review has concluded that the carrying value of the Company's investments is impaired by £7,130k (2018: £Nil).

The finalisation of the fair value of the Frank Digital PTY Limited acquisition has resulted in an addition of £82k.

At 31 March 2019 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
Frank Digital PTY Limited	Ordinary	75%	75%	Website design and build
Gasbox Limited	Ordinary	100%	100%	Direct marketing
Graphico New Media Limited	Ordinary	100%	100%	Dormant
Head Offfice Limited	Ordinary	-	100%	Dormant
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	100%	100%	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
The Comms Department Limited	Ordinary	-	100%	Social Communication
Woken Limited	Ordinary	-	100%	Dormant

The Comms Department Limited is exempt from the requirement of the Companies Act relating to the audit of individual financial statements by virtue of s479A of the Companies Act 2006.

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
Frank Digital PTY Limited	Australia
Massive Group PTY Limited	Australia

12. Debtors due within 1 year

	2019	2018
	£'000	£'000
Amounts due from Group undertakings	**609**	419
Prepayments and accrued income	**209**	158
Other taxation and social security	**469**	577
Corporation tax	**1,039**	1,096
	2,326	2,250

13. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Bank loans and overdrafts (note 15)	**6,618**	9,995
Trade creditors	**251**	352
Amounts owed to Group undertakings	**2,622**	1,803
Other taxation and social security	**90**	90
Other creditors	**53**	10
Accruals and deferred income	**672**	826
Deferred tax	**-**	2
Deferred consideration payable on acquisition of subsidiary undertakings	**1,632**	1,417
	11,938	14,495

Deferred consideration includes put/call options and other deferred consideration which has increased in the year due to fair value movements of £133k and additions due to the finalisation of fair values associated with last years acquisition of Frank Digital PTY Limited of £82k. All deferred consideration is carried at fair value through profit and loss.

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

	2019	2018
	£'000	£'000
Bank loan	**3,850**	1,800
	3,850	1,800

15. Borrowings

	2019	2018
	£'000	£'000
Summary:		
Bank overdraft	**4,818**	5,245
Bank loans	**5,650**	6,550
	10,468	11,795

Borrowings are repayable as follows:	2019	2018
	£'000	£'000
Within one year:		
Bank overdraft	**4,818**	5,245
Bank loans	**1,800**	4,750
Total due within one year	**6,618**	9,995
Bank loans:		
In more than one year but less than two years:	**3,850**	1,200
In more than two years:	**-**	600
Total due in more than one year:	**3,850**	1,800

16. Share capital

Allotted, issued and fully paid:

	45p deferred shares	5p ordinary shares	
	Number	Number	£'000
At 31 March 2018	67,378,520	93,432,217	34,992
At 31 March 2019	**67,378,520**	**93,432,217**	**34,992**

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 are also incapable of transfer and no share certificates have been 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

	2019	2018
	£'000	£'000
At 31 March 2019 and 31 March 2018	**25**	25

19. Share-based payments

Share-based payment charge is as follows:

	2019	2018
	£'000	£'000
Share-based payment	**133**	154
Related National Insurance costs	**(17)**	(17)
	116	137

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 2018	2
Amounts of deferred tax recognised in profit or loss	(2)
At 31 March 2019	-

21. Commitments under operating leases

At 31 March 2019 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2019	2018
	£'000	£'000
Operating leases which expire:		
Within one year	**168**	168
Within two to five years	**673**	673
After five years	**463**	631
	1,304	1,472

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 2019 the amount thus guaranteed by the Company was £Nil (2018: £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 32 to the Consolidated Financial Statements.

24. Financial risk management objectives and policies

Details of Group policies are set out in Note 34 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 £196,000 (2018: £163,000).

26. Share based payments

Employees of the Company are entitled to participate an equity and cash-settled share option scheme.

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 the overall Jaywing plc Group and continued employment 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 3,436,352 (2018: 4,584,485).

No share options were exercised during the year. The exercise prices for share options outstanding was 5p (2018: 5p). The remaining contractual life of the share options was two years (2018: two years).

Shareholder information

Annual General Meeting
The 2019 Annual General Meeting will be held on Monday 30 September 2019 at Fieldfisher LLP, Riverbank House, 2 Swan Lane, EC4R 3TT at 11am.

Dividend
There is no dividend payable.

Multiple accounts on the shareholder register
If you have received two or more copies of or notifications about this document, this means that there is more than one account in your name on the shareholders register. This may be caused by 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 to be combined into one account, please write to Link Asset Services 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 2019.

Issued Share Capital
As at 26 September 2019 (being the last practicable date before the publication of this document), the Company's issued share capital comprised 93,432,217 ordinary shares of 5p each, of which 99,622 are held in Treasury. Therefore, as at 26 September 2019 the total voting rights in the Company were 93,432,217. 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 visit www.linksharedeal.com or call 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 08:00 - 16:30, Monday to Friday, excluding public holidays in England and Wales. This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply. Link Asset Services is a trading name of Link Market Services Trustees Limited, which is authorised and regulated by the Financial Conduct Authority. This service is only available to private shareholders resident in the European Economic Area, the Channel Islands or the Isle of Man.

Shareholder enquiries
Link Asset Services 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:

Link Asset Services, 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)
Link Asset Services also offer a range of shareholder information online at www.linksharedeal.co.uk.
Website
Information on the Group is available at https://investors.jaywing.com.

QCA Corporate Governance Index

Principle number	Principle description	Page references
1	Establish a strategy and business model which promote long-term value for shareholders	2, 3, 5, 6
2	Seek to understand and meet shareholder needs and expectations	6, 15, 16, 21
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	3, 21
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	12, 20, 21
5	Maintain the board as a well-functioning, balanced team led by the chair	16, 20, 21
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	10, 21
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	10, 20, 21
8	Promote a corporate culture that is based on ethical values and behaviours	3, 21
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	20, 21
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	5, 6, 8, 14, 15, 16, 21