Annual Report & Accounts

year ending 31 March 2017

Company Registration Number 01892751

Contents

What we do

D4t4 Solutions is ALL ABOUT THE DATA.

We are energetically focused on solutions that enable you to get the most from your data – from collection through to management and analytics, D4t4 Solutions provides comprehensive products and services that drive value from your information assets.

D4t4 Solutions has constantly evolved to embrace the importance of data in delivering benefit to a business. We have developed pioneering technology that pushes the boundaries of accuracy and completeness in data collection, while further augmenting our data expertise by collaborating with industry-leading Partners that specialise in data management and analysis.

Our drive to continually innovate, both in the development of our own technology and in the resourceful delivery of partner solutions, places us at the leading-edge of how data is used by business.

Headlines

Revenue
(£m)

2017	17.67
2016	18.61
2015*	12.90

Down by **£0.94m**

GP margin
(%)

2017	55.82
2016	49.52
2015*	36.37

Up by **6.3%**

Adjusted profit before tax **
(£m)

2017	4.22
2016	3.50
2015*	1.22

Up by **£0.72m**

Adjusted diluted EPS **
(pence)

2017	9.97
2016	8.24
2015*	3.86

Up by **1.73p**

Profit before tax
(£m)

2017	4.24
2016	3.22
2015*	0.65

Up by **£1.02m**

Diluted EPS
(pence)

2017	10.02
2016	7.64
2015*	1.92

Up by **2.38p**

* 2015 (15 months)

** Before amortisation of intangibles, share based payments charges and foreign exchange gains as per note 13 on page 50.

Statement by the Chairman

The Board remains confident in achieving the current market expectations for the financial year 2017/2018 and in the long-term prospects for the Group.

Dear Shareholder

Welcome to our first Annual Report under our new company identity. Last year at the AGM in July 2016 shareholders approved the name changeover from IS Solutions Plc to D4t4 Solutions Plc (D4T4) and having planned the process we successfully completed the rebranding of the Group. The new name better reflects the business environment we operate within and we have been delighted by the very positive response from our customers, the investing community, our business partners and our colleagues around the business.

Today we acknowledge our Company as one that has transitioned to an international business that is totally driven by data, and in delivering value for our clients from their data, continues to bring rewards. Business intelligence and Analytics remains one of the fastest growth areas in the global IT sector therefore, with our combination of technical "know-how" and business skills we continue to attract more new clients who require services to help with their need to find value in both historical and new customer data.

Our Celebrus Technologies software business, which we acquired in 2015, grew strongly throughout the course of the financial year under review; it is pleasing to report that it now represents 28% of Group revenue, up from 18% in the previous year. This strong improvement, combined with our Analytics and Services offerings has enabled D4t4 to increase its footprint in key sectors, particularly the finance, retail, telecommunications and the airline business sectors in both domestic and international markets.

Going forward, our focus will remain on the collection, management and analysis of data thereby assisting our clients to derive considerable value from their customer data.

Summary review of the year ended 31 March 2017

D4t4 has had another successful financial year. Our business has delivered profit before tax of £4.24 million (2016: £3.22m), driven from a 6.3% increase in gross profit margin (GP) to 55.82% which was ahead of market expectations (2016: 49.52%). The Company remains strongly cash generative and this resulted in cash reserves up from £5.01m in 2016 to £6.29 million at the end of the year under review. The last twelve months to March 2017 has seen the exciting ongoing evolution of our business into the data and analytics market space with a focus on growing our Celebrus software revenues. We are delighted therefore to see this strategy already paying off evidenced by the year on year growth of 48.8% growth in Celebrus sales. We have been delighted to win a number of significant major contracts with both new and existing customers; we have also invested in our partner-based sales strategy which has resulted in a number of new partner signings. Additionally, we have extended our partner and pre-sales teams, particularly in the USA and EMEA.

Our **Projects** business delivered sales in the year of £9.47 million, (2016: £10.67m). This result reflects two factors; first the American presidential elections caused nervousness within our American client base, with both existing and new clients wanting to see what the outcome of the election would mean to them before committing to new major projects. We are able to report that these concerns appear to be easing and confidence is returning, and those delayed decisions now appear to be moving forward. The second factor was the reduction in projects from one of our major Japanese clients who, due to the liquidation of part of their American business, moderated its overall group spending.

Finally, **Recurring Revenues** from our managed private cloud and software licence maintenance services business delivered income of £4.49 million (2016: £4.97m). This decrease was due to the discontinued operations from one of our partners resulting in the termination of several of our older style business contracts. During the last year the data and analytics portion of our Recurring revenues business has continued to grow. We expect this area of our business to return to overall growth during the financial year ending March 2018.

During the last twelve months we have seen a shift in the mix of sales within the Group, with a growth in higher margin **licence** software sales making a major contribution to the overall profitability of D4t4. Licence new sales have increased due to expansion of our salesforce and continued growth in partners. This, combined with the continued development of our business to the more profitable Analytics projects and associated Recurring revenues has assisted in delivering the overall strong Group profit growth.

Financials

	2017	2016	Year on year growth
Revenue			
Licence sales	£3.71m	£2.97m	+24.9%
Projects	£9.47m	£10.67m	-11.2%
Recurring income	£4.49m	£4.97m	-9.7%
	£17.67m	£18.61m	-5.0%
Gross profit	**£9.86m**	**£9.21m**	+7.1%
GP margin	55.82%	49.52%	+6.3%
Profit before tax	**£4.24m**	**£3.22m**	+31.7%
Adjusted profit before tax*	**£4.22m**	**£3.50m**	+20.6%
Basic EPS	**10.49p**	**8.17p**	+28.4%
Diluted EPS	**10.02p**	**7.64p**	+31.2%
Adjusted diluted EPS	**9.97p**	**8.24p**	+21.0%
Dividend for the period	**2.25p**	**2.00p**	+12.5%
Strong cash generation - gross cash position	**£6.29m**	**£5.01m**	+25.8%

* before amortisation of intangibles, share based payments charges and foreign exchange gains as per note 13 on page 50.

Gross profit in the period was £9.86 million (2016: £9.21m) whilst profit before tax was £4.24m against £3.22m in 2016. Administration costs were £1.83m (2016: £1.99m). Therefore, reported profit from operations is £4.29m (2016: £3.29m) and profit for the year is £3.90m (2016: £2.94m) after tax. This includes a foreign exchange gain for the year of £0.36m (2016: £0.09m)

Debtors grew from £2.76m to £4.27m due to timing of contracts. Inventories held at client premises totalled £0.34m (2016: £nil) to provide reduction in leadtime and faster provision of service.

Statement by the Chairman (Continued)

Cash and cash equivalents at 31st March 2017 stood at £6.29m (2016: £5.01m), the increase is due to conversion of current year profits. Total net assets at the end of the year were £17.55m compared to £14.65m in March 2016. The company also has an overdraft facility of £0.25m renewable in July 2017.

Adjusted fully diluted earnings per share grew 21.0% to 9.97 pence (2016: 8.24p), unadjusted diluted EPS was 10.02 pence (2016: 7.64 pence) up some 31.2%.

Dividend

The Board is recommending a final dividend of 1.7p. Subject to Shareholder approval at the Annual General Meeting which is to be held on 27th July 2017, the final dividend will be paid on 18th August 2017 to Shareholders on the Register at the close of business on 14th July 2017. The Ordinary shares become ex-dividend on 13th July 2017.

As we have previously indicated the Company remains committed to a progressive dividend policy whilst balancing its investments for future growth. It is the Board's intention to declare future dividends based on the overall performance, with appropriate cover in the range of 3-4 times.

The Board remains confident in the future of the business and believes that it has a clear strategy in place to develop the opportunities that will deliver sustainable growth.

Board changes

In September 2016 we welcomed Mark Boxall to the Main Board. Mark joined D4t4 in November 2015. Mark has over 20 years of experience of the IT industry. He has considerable operational, sales and financial experience having been both board director and senior manager at technology consultancies and product based technology companies such as rbase, Morse, PTC and Siemens. Mark has had a major impact on the business with his work on the successful integration of Celebrus into D4t4.

In December 2016 we welcomed Matthew Tod to the Main Board. Matthew joined D4t4 in April 2016, to head up our new Data Insight practice. He has over 25 years experience in digital technologies, focused on customer analytics; prior to joining us he helped build PwC's analytics and digital transformation strategy capabilities within retail and consumer sectors. Matthew is already making a contribution to the business and with our analytics practice which is successfully working with clients to enable them to gain tangible competitive advantage from their data assets.

At the last AGM Peter English and Michael Tinling retired from the Board both having been involved with the company since its formation. On behalf of all stakeholders, the Board thanks Peter and Michael for their contribution and wise counsel over the years and wishes them many years of happy retirement.

Matthew Tod Chief Data Officer
Mark Boxall Chief Operating Officer

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People

During the year the Group employed 124 staff in its operations located in India, EMEA and the USA.

The Board would like to welcome all new colleagues to the business and to thank everyone for their contribution to another successful year in a working environment that has undergone major transformation and change. Throughout this time our colleagues have demonstrated outstanding efforts and commitment to ensure that we continue to deliver a high level of customer satisfaction for both our Product and Service offerings.

As we move on, I look forward to witnessing their ongoing development and contribution as we strive to deliver the ambitions of our “All about the Data” message across the globe.

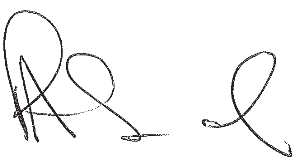
Current trading and outlook

There will always be macroeconomic factors that no business can fully mitigate against including currency volatility and more recently the possible wider potential implications of BREXIT.

We remain confident in the Group’s strategy; our underlying business is performing well and delivering against our key KPIs. In addition, the investment and growth in our Indian development and support facility has continued apace; this together with the expansion of our US office and the renewed confidence from our US client base provides us with a platform for further growth and we are well-positioned to exploit opportunities in our key markets and sectors.

In conclusion, delivery against our Group’s strategy remains on course and, this combined with the current revenue visibility, order book and pipeline of opportunities all bode well for the future. As a result the Board remains confident in achieving the current market expectations for the financial year 2017/2018 and in the long-term prospects for the Group.

We hope to see you at the AGM in July; and in addition we will keep you abreast of our developments throughout the year.



Peter Simmonds
Chairman
26 June 2017

Statement by the Chief Executive Officer

We are confident in our ability to deliver quality Data Management and Data Analytics related solutions to our clients whilst we remain very enthusiastic about the opportunity to become recognised as the leader in the Data collection marketplace

The geographical reach and business diversity that our partners bring to us is key to our future growth.

We are confident in our ability to deliver sustained profitable growth for the Group and long-term value for shareholders.

Dear Shareholder

At the beginning of the year being reported upon I took over the role of CEO. At that time I presented to you our "All about the Data" and "Data Solutions for all" messages, I also explained our business refocus and the rebranding of the company.

Jump forward 12 months and I am delighted to once again report a further year of very positive progress aligned with the strategic plan set out by the Board and the rebranding implementation programme launched in April 2016.

In 2016, we stepped up our investment in both business development and product development, and at the same time improved gross margins and earnings.

The Group has also added notable clients across its markets both locally and internationally including eight banks/financial institutions, a telecoms provider, two international retailers and two business airlines.

All about the data

Our "All about the Data" message has been well received by our staff, our clients and business partners. This concept has clearly assisted in the marketing of our services, delivering what is recognised as a much clearer defined message about what we do well as a Company.

We are happy and fortunate that so many of our new (and long serving) clients are agreeable to give testament to our key strengths, services and technical capabilities in that they are willing to either talk one on one with prospective clients or stand up in front of audiences at industry events and explain the benefits of using D4t4's technology and services.

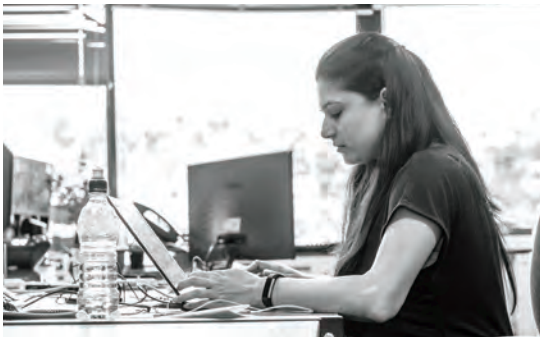
Objectives and strategy

As stated last year we have been in the process of extending our Celebrus software products in terms of functionality and by doing so this has enabled the software to be used in other industry verticals.

We continue to deliver on our strategy of empowering our clients to gain significant value from their customer data and through this to deliver major uplifts in terms of their revenues and profitability.

We are very encouraged to see more and more opportunities to combine our Products and Service offerings to create innovative ways for our clients who require solutions to deal with their data mountains and show them how to modernise and monetise that data.



We also offer a low risk service to clients who do not necessarily want to use a public cloud offering and who require public / private and hybrid cloud alternatives and more recently we have seen an increase in demand for our remote managed, on premise, appliance based versions or "data centre in a box".

We provide Data Migration services as an integral part of our Service offering and continually find this to be a differentiator from other software companies.

Notably all our services are governed by our ISO27001/2013 compliant data security platform and where required our Payment Card Industry (PCI DSS) compliant security platform.

We continue to extend our reach via our existing and new business partnerships and more recently we were pleased to welcome the likes of Microsoft and Corios into our partner programme. We strongly support the view that the geographical reach and business diversity that our partners bring to us is key to our future growth.

Outlook and opportunities

Over the last year we have made tremendous strides and achieved so much across the business. Our rebranding has given us a fillip and our strategy is delivering and on track. Furthermore we have ambitious plans to address this fast-growing market we operate within through delivering exciting and innovative product and services that meet customer demand and returns for the business.

We are confident in our ability to deliver quality Data Management and Data Analytics related solutions to our clients whilst we remain very enthusiastic about the opportunity to become recognised as the leader in the Data collection marketplace through our valuable asset of Celebrus Technologies which has afforded many new opportunities since acquiring it back in 2015.

With our current activities and pipeline of opportunity mixed with the return in business confidence within our North American customer base post the US elections we are confident in our ability to deliver sustained profitable growth for the Group and long-term value for shareholders.

I hope that you enjoy reading about our progress in this Annual Report and I look forward to keeping you updated on our business throughout the rest of this year.

Peter Kear
Chief Executive Officer
26 June 2017

Board of Directors

Peter Kear

Chief Executive Officer

Peter co-founded the company in 1985 and became CEO in 2016, having been responsible until then for both the sales and business development aspects of the company. His position as CEO involves overall responsibility for the management of the Group's activities and he works closely with the other executive directors on the determination of the Group's overall strategy.

Carmel Warren

Chief Financial Officer

Following the acquisition of Celebrus in 2015, Carmel became CFO. Carmel is a fellow of the Institute of Chartered Accountants in England and Wales. She has held senior positions at EY, ExxonMobil and Brightside Group Plc prior to joining Celebrus in 2007 as a board director.

Jim Dodkins

Chief Technical Officer

Jim is responsible for the Company's strategic direction in technology, specialising in solution architecture for D4t4 Solutions and its clients. Prior to joining D4t4 Solutions he worked for Logica plc in various roles, where he gained wide industry experience and later managed the division responsible for projects in the Broadcast and Media sector.

Mark Boxall

Chief Operating Officer

Mark has considerable operational, sales and financial experience having been both board director and senior manager at technology consultancies and product based technology companies such as rbase, Morse, PTC and Siemens, and most recently Dell EMC.

Matthew Tod

Chief Data Officer

Prior to joining D4t4 Solutions, Matthew had established himself as a digital data expert within the key sectors of retail, e-commerce, mail-order, media, consumer goods and insurance. His company, Logan Tod & Co. was aquired by PwC in 2012 and he became a partner within PwC's Customer Consulting Group.

Peter Simmonds

Non-executive Chairman

Peter was CEO of dotDigital Group plc for eight years and a major contributor to their success prior to stepping down into the role of non-executive director.

John Lythall

Non-executive Director

John co-founded the company in 1985 and was Managing Director of D4t4 Solutions from 1985 to 2016 before moving to a non-executive director position.

Roger McDowell

Non-executive Director

Widely experienced Chairman, Non-executive Director and board committee member. Roger holds directorships in a number of companies.

Strategic report

Our marketplace

D4t4 Solutions operates within the fast-growing data and analytics market.

This market encompasses 'big data', artificial intelligence, machine learning and business intelligence and has been estimated to be worth US$130 billion by the independent analyst IDC, with a projected growth of 11.7% annually until 2020 when the market is projected to be worth US$203 billion.

The specific area of focus for D4t4 is data and analytics related to consumers; the collection of data on how consumers interact with digital channels, the management and analysis of the data and the implementation of cost effective solutions to assist companies get real value from their data assets.

D4t4 Solutions is a small company within the context of this rapidly evolving marketplace, however the niche the company occupies is a very viable area for strong growth from a small base.

Four key trends

The market for data technologies and services is evolving very rapidly with many changes. There are four key trends in the market that D4t4 Solutions is monitoring closely:

- Increasing focus on gaining competitive advantage from data is being seen in every industrial sector. There are now more examples of organisations getting real advantage from data and this is stimulating the market.
- Artificial intelligence has advanced and is entering the mainstream of business use. This trend fuels the need for high quality data and data solutions that aggregate disparate sources of data.
- Cloud growth continues at pace, and more enterprises, in more countries, are trusting the cloud with their data. This trend means that software vendors working with consumer data need to be able to offer both on-premises and cloud based solutions.
- Open source technology, in the form of tools like Hadoop and Apache Spark, have even greater momentum than in prior years. However, in almost every case a core open source technology solution is complemented with paid for technology.

D4t4 Solutions is fully aware of these key trends and takes them into account when devising strategy and tactics to deliver growth. All these developments are being harnessed by the business on a day to day basis to drive growth.

Our Company vision, values & objectives

D4t4 aims to become the leading independent technology company in the field of customer data collection and related solutions, delivering annual profit growth and capital appreciation to shareholders.

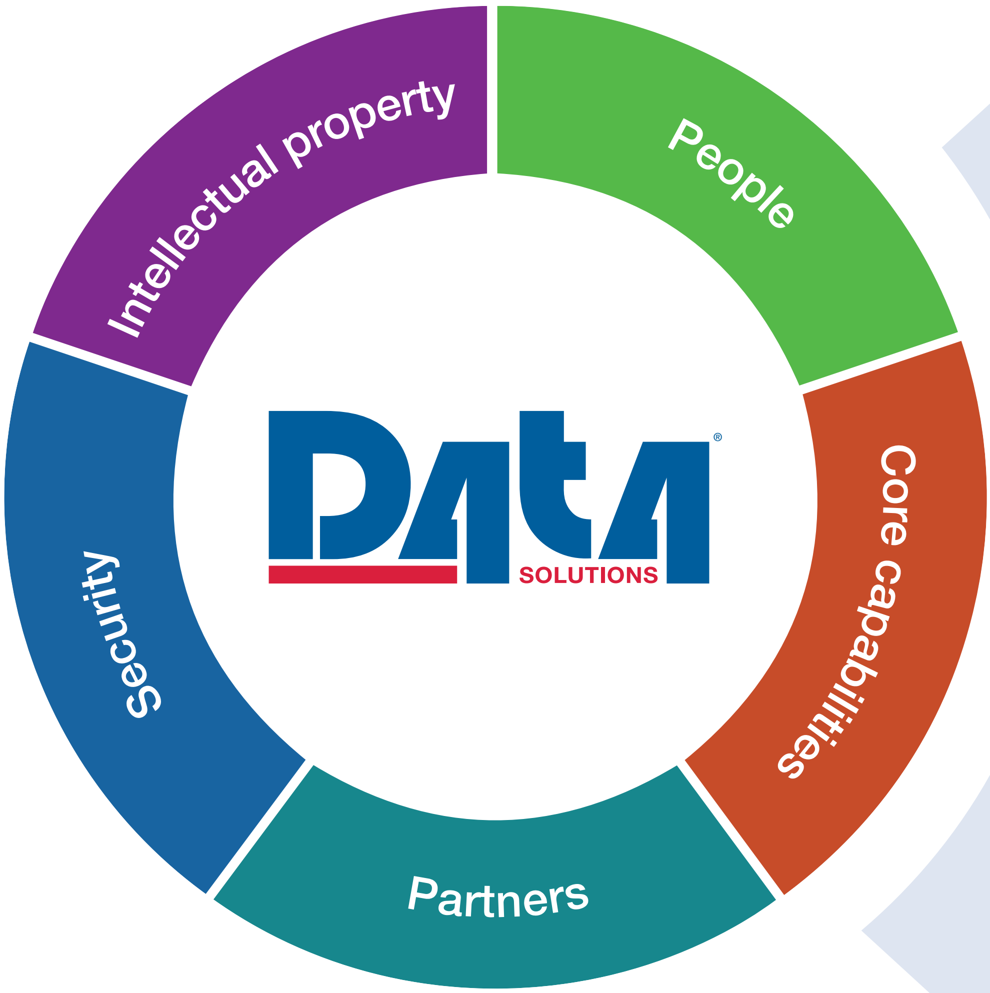
These objectives will be achieved through our core values of innovation, trust, collaboration and security and by enhancing the required core capabilities of data collection, data management, data analysis and delivering data solutions.

Our strategy

To deliver the vision, our strategy will be to accelerate growth of our own software revenues, currently primarily derived from our data collection software product Celebrus which operates in fast-growing competitive market segments; increasing Celebrus revenues creates high margin sales in the short term as well as building a longer-term recurring revenue stream.

We will seek to balance software revenues with income generated from developing and deploying complementary 'big data' solutions that combine the services, software and hardware needed to help our clients get strategic advantage from their data. This business, whilst less predictable, is profitable, can help facilitate the sales of software and also generate significant recurring revenues from the ongoing management of solutions.

OUR BUSINESS MODEL



D4t4 Solutions business model is based upon five interdependent elements:

People

People are at the heart of the business; they understand the markets we operate in, create innovative solutions, write product code, drive sales and deliver solutions. D4t4 Solutions seeks to attract and retain the best talent in our market in order to continue to drive the business forward.

Intellectual property

To deliver the strategy the business will continue to invest in developing intellectual property. Competitive advantage is maintained through this continual investment in the core capabilities of our software product, developing solution 'know-how', applying for additional legal protection for our intellectual property and the development of a network of partners who rely on the technology for their own business.

Core capabilities

Our people and intellectual property combine to create four core capabilities that underpin the success of the business:

i. Data Collection software (Celebrus) and skills

ii. Data Management facilities and skills

iii. Data Analytics capabilities and solutions

iv. Data Solutions that are on premise or in the cloud and combine hardware, software and services

Partners

Our route to market, to sell our software and solutions, is through partnerships with third party organisations, including SAS Institute, Dell EMC, Teradata, Microsoft and Adobe. The solutions we deliver primarily contain components from SAS Institute and Dell EMC and now our own software, Celebrus. We do joint sales and marketing activities with our partners to generate the majority of our sales.

Security

Data security is vitally important to our clients. Regulations, such as the European General Data Protection Regulation, and the nature of the customer data D4t4 Solutions handles means secure process and facilities that enable ISO27001 and PCI (Payment Card Industry) compliance are needed. Our software also must be tested to the highest levels to ensure it is secure.

Our business in action

Clients in **21** countries

Our data collection software running on in excess of

25,000

websites

EXAMPLE CLIENT

5 Petabytes of data stored
(approx 11.5 million files)

23 Terabytes (TB) of RAM

120 TB of cache storage

500 processor cores

In excess of

1 billion

user sessions

collected every month

Risks and uncertainties

Apart from the normal economic, commercial and political risks facing any UK based business the major risks and uncertainties to the Group are:

- Loss of a major client or sales partner
- Loss of a relationship with a major supplier
- The development of new technologies which may adversely impact the Company's proprietary software
- Loss of key people
- Breach of the systems security
- Exchange rate fluctuations
- Regulation on the collection of data that reduces the size of the market or creates an adverse trend

To mitigate these risks and uncertainties:

- The business has specific relationship management systems in place for both clients and partners.
- The Company continually scans the market for potential technology threats and has a development process in place to ensure its own technology continues to evolve to meet client needs
- Key individuals are identified and succession plans put in place.
- The Group undertakes research and development into various technologies on an ongoing basis with various suppliers
- A comprehensive set of controls such as identified in our Information Managememt Security System (ISMS) which is compliant with ISO27001 and subject to regular external audit and certification has been implemented
- As the Group undertakes an increasing amount of business outside the UK (usually priced in US$) it becomes more exposed to exchange rate fluctuations. This led to a review of pricing policies and closer monitoring of credit terms for external businesses in the early part of last year.
- The Board manages the Group's capital, reserves, borrowings and cash to ensure that the business continues to operate as a profitable going concern. There are no externally imposed capital requirements.

Our Key Performance Indicators (KPIs)

The Group's financial KPIs are revenue, cash, gross profit margin, profit before tax and earnings per share and growth in software sales.

	2017	2016
Revenue	£17.67m	£18.61m
Cash	£6.29m	£5.01m
Gross profit margin	55.82%	49.52%
Profit before tax	£4.24m	£3.22m
Earnings per share adjusted diluted	9.97p	8.24p
Earnings per share diluted	10.02p	7.64p
Earnings per share basic	10.49p	8.17p
Celebrus year-on-year growth	48.80%	-

In 2016/17, five of the six KPIs recorded improvement, with the sixth reflecting revenue which, as previously reported, was adversely affected by a lengthening of data solutions sales cycle: this was due primarily to the unexpected election result in North America which caused a number of client initiatives to be put on hold for a few months. These initiatives are now back underway, and they are expected to bear fruit in the first six months of the financial year ending March 2018.

Strategic report (Continued)

Business review

The performance of the business has been covered in the Chairman's statement (Page 4) and the Chief Executive Officer's statement (Page 8).

Outlook

The evolution of our business over the last two years has been significant, however there remains more to be done to complete the transformation of D4t4's business model and to further enhance the Celebrus software offering.

We have acquired a strong balance of skills and experience across the management team to lead and drive the business to the next stage in its development. Based on our new focus the Company is well positioned to achieve solid growth powered by its own technology that is aligned to fast growing markets.

Therefore, the Board remain confident in its strategy, our future prospects and expectations for the Group's full year performance.

Peter Kear
Chief Executive Officer
26 June 2017

CORPORATE GOVERNANCE

Corporate governance

The Directors recognise and value the importance of high standards of corporate governance and observe the requirements of the Quoted Companies Alliance Guidelines to the extent that they are considered reasonably practicable in the light of the Company's size, stage of development and resources. The Board also ensures that proper procedures are adhered to with regard to the preparation and approval of the Company's annual and half yearly financial statements.

For the year under review the Board considered that the Company is not of sufficient size to warrant a Risk Management Committee.

A statement of the Directors' responsibilities in respect of the accounts is set out on page 31. Below is a brief description of the role of the Board and its committees, followed by a statement regarding the Group's system of internal controls and procedures, Board reviews, auditor independence, risk management, investor relations and financial reporting.

The Board

The Board comprises three non-executive Directors and five executive Directors and is responsible to shareholders for the proper management of the Group. The non-executive directors are Peter Simmonds (who is chairman of the Board and senior independent director), John Lythall, and Roger McDowell. The terms and conditions of engagement of the three non-executive Directors are available on request from the Company Secretary or at the AGM.

The Board met 12 times in the year under review, reviewing trading performance, setting and monitoring strategy, and examining major capital expenditure and acquisition opportunities. A procedures manual for Directors and senior managers has been adopted which reserves decisions on specific matters to the Board, which include strategic matters and approval of annual plans or variations there to. All Directors have access to the advice and services of the Company Secretary.

Audit Committee

The Audit Committee comprises three non-executive Directors of the Company, Peter Simmonds, Roger McDowell and John Lythall (effective 1 April 2016). The committee is chaired by Peter Simmonds and met twice during the year under review. It operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. The committee provides a forum for reporting by the Group's auditors. By invitation, the meetings are also attended by the CEO and CFO of the Company.

The Audit Committee is responsible for reviewing a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to and understood by the Board. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit.

The Audit Committee meets the auditors at least once a year without any executive Directors present.

The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies. All Audit Committee members are expected to be financially literate. Following the above, the Audit Committee has recommended to the Board that RSM UK Audit LLP is re-appointed.

Remuneration Committee

The remuneration Committee comprises three non-executive Directors, Peter Simmonds, Roger McDowell and John Lythall (effective 21 April 2016) and is chaired by Peter Simmonds. The Committee met two times in the year under review and operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. It is responsible for reviewing and determining the policy of the Group on executive remuneration including specific remuneration packages for each of the executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Company of the legal requirements and, so far as is reasonably practical, recommendations and guidelines relating to Directors' remuneration.

The Board's report to shareholders on how Directors are remunerated together with details of the individual Directors' remuneration packages is to be found on pages 26-30.

Nominations Committee

The nominations Committee comprises two non-executive Directors, Peter Simmonds and Roger McDowell and Peter Kear, CEO and is chaired by Peter Simmonds. The Committee met once in the year under review.

Under its terms of reference the Committee will be responsible for regularly reviewing the structure, size and composition of the Board; giving full consideration to succession planning for directors and senior executives and keeping under review the leadership needs of the organisation. The Committee will identify and nominate, for approval by the Board, candidates to fill vacancies as and when they arise. As part of this process the Committee will be responsible for overseeing an open and transparent process for identifying suitable candidates.

Internal controls

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness which, by its nature, can only provide reasonable and not absolute assurance against material misstatement or loss regarding:

i. the safeguarding of assets against unauthorised use or disposition; and

ii. the maintenance of proper accounting records and the reliability of financial information used with the business or for publication.

The Board has reviewed the effectiveness of the Group's internal control systems from the period 1 April 2016 to the date of approval of these financial statements. The Board reviews the effectiveness of its control assessment system on a regular basis. Given the current size of the Group, the Directors consider that an internal audit function would not be appropriate. However this matter is kept under review.

The Board has established procedures which are designed to provide effective internal control for the Group and these include:

Control Environment and Procedure

The Directors have in place an organisational structure with clearly defined levels of responsibility and delegation of authority. Group policies and procedures are set out in formal procedure manuals which are held by all operating companies. These include annual budgets, detailed review and appraisal procedures, designated levels of authority and levels for board approval. In particular, there are clearly defined guidelines for the review and approval of capital expenditure projects and, where appropriate, due diligence work will be carried out when a business is to be acquired.

Corporate governance (Continued)

It is Board policy that executive Directors receive suitable training for their position, which is considered as part of the appraisal process.

The Directors and operating Company management meet on a regular basis to communicate the Group's commitment to professionalism and competence.

A formal whistle-blowing policy is in place and is communicated to employees via an employee manual.

Board Review

The Board annually reviews the effectiveness of itself, its committees and the individual Directors in the following manner:

(i) The Role of the committees is considered by the executive Directors without the presence of the non-executive Directors.

(ii) The Chairman and CEO examine the contribution and effectiveness of the individual Directors with regard to their line role and contribution at Board meetings.

(iii) The whole Board examines its purpose and effectiveness with regard to identified key areas.

(iv) The whole Board considers its structure, size and composition with particular regard to the skills, knowledge and experience of its members and otherwise as advised by the Nominations Committee.

Auditor Independence

The Board has considered the issue of external auditor independence and is satisfied that independence has been maintained. Audit Committee approval is required before the external auditor may perform any non-audit work.

Risk Management

The Directors and operating Company management have a clear responsibility for identifying risks facing each of the businesses and for putting in place procedures to mitigate and monitor risks. Risks are formally assessed during the annual budget process, which is monitored by the Board, and the ongoing Group strategy process. There has been (and continues to be) particular focus on credit worthiness of clients and, although the Company has a strong balance sheet, on cash flow.

Investor Relations

Investor relations are managed mainly through the Annual General Meeting of the Company and on an ad hoc basis through enquiry from investors of the Directors of the Company. The Company encourages two-way communications with both its institutional and private shareholders and responds quickly to all queries received. The executive Directors hold regular meetings with major shareholders, and provide feedback of these meetings to the rest of the Board, including non-executive Directors, to inform them of the views of the major shareholders.

Financial Reporting

The Group has a comprehensive system of financial reporting. There is a detailed budgeting system in place which includes the plan of the operating Company being approved by the executive Directors whilst the Board approves the overall Group budget. On a monthly basis, actual results are reported against budget and any significant adverse variances examined and remedial action taken.

Revised forecasts for the year are prepared each quarter. Rolling quarterly cash forecasts are prepared on a monthly basis.

On behalf of the Board

Michael Tinling LLb, Company Secretary
26 June 2017

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2017, which should be read in conjunction with the Strategic Report on pages 11 to 16. The Corporate Governance Statement set out on pages 18 to 20 forms part of this report.

Incorporation

D4t4 Solutions Plc is a company incorporated in the United Kingdom under the Companies Act 1985. The company changed its name from I S Solutions plc to its current name by special resolution passed on 20th July 2016.

Dividends

The Directors recommend a final dividend of 1.7p (2016: 1.5p) per ordinary share to be paid on 18 August 2017 to ordinary shareholders on the register on 14 July 2017.

Future outlook

The Groups future outlook and opportunities are referred to in the Chief Executive Officer report on page 9.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share (other than shares held in treasury) carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 26.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 18.

Under its Articles of Association, the Company has authority to issue 50,000,000 ordinary shares.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and the risks and uncertainties summarised below. The Group and Company has sufficient financial resources to cover budgeted future cash-flows and also has contracts in place with a number of customers and suppliers across different geographic areas and industries. As a consequence of these factors, the Directors believe that the Group is well placed to manage its business risks successfully.

Having reviewed the future plans and projections for the business, the Directors believe that the Group and Company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In accordance with the Companies Act s414c(11) information in relation to the business and risks is shown in the Strategic Report.

Financials risks and policies

Refer to note 28.

Supplier Payment Policy

It is the Company's policy to pay all claims from suppliers according to agreed terms of payment upon receipt of a valid invoice which is materially correct. The Company does not follow a code on standard payment practice. At 31 March 2017 the Company had 65 days (2016: 67 days) of outstanding liabilities to creditors.

Directors and Directors' Interests

The Directors who held office during the year and to the date of signing, unless otherwise stated, were as follows:

PJ Kear
JL Dodkins
CE Warren
MG Boxall (appointed 26 September 2016)
ML Tod (appointed 21 December 2016)
PA Simmonds
J Lythall
RS McDowell
MLS Tinling (retired 20 July 2016)
PD English (retired 20 July 2016)

At the AGM, MG Boxall (appointed as director by the Board of Directors on 26th September 2016) and ML Tod (appointed as director by the Board of Directors on 21st December 2016) will offer themselves for re-appointment in accordance with the Articles.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company as recorded in the register of Directors' share and debenture interests.

	Class of shares	Interest at 31 March 2017	Interest at 1 April 2016 *
PJ Kear	Ordinary 2p	1,340,752	1,340,752
JL Dodkins	Ordinary 2p	490,266	455,266
CE Warren	Ordinary 2p	129,275	nil
MG Boxall (appointed 26 Sept 2016)	Ordinary 2p	10,000	10,000
ML Tod (appointed 21 Dec 2016)	Ordinary 2p	nil	nil
PA Simmonds	Ordinary 2p	251,500	141,500
J Lythall	Ordinary 2p	1,848,960	2,278,960
RS McDowell	Ordinary 2p	1,350,000	2,350,000

* or date of appointment if later

During the year the Directors received dividends on their shares at the same rate as any other shareholder.

Details of share options can be found on page 30.

During 2015 the directors made loans to the company to facilitate the acquisition of SpeedTrap Holdings ltd. These have now been repaid except for the J Lythall loan £119,360 (2016: £119,360) which is in the name of his spouse, Mrs P Lythall. The loan continues to earn interest at the rate of 3% above Base (and cannot be repaid without HSBC bank's permission).

Substantial Holdings

As far as the Directors are aware, as at 20 June 2017, the only holdings of 3% or more of the Company's issued share capital are the following:

	Number of ordinary shares	%
Hargreave Hale, Stockbrokers	6,032,440	15.89
River & Mercantile Asset Management	2,417,313	6.37
Hargreaves Lansdown, Stockbrokers	1,837,936	4.84
Beaufort Securities	1,700,400	4.48
J Lythall Esq	1,610,000	4.24
Herald Investment Management	1,395,000	3.68
HALB Nominees Limited (including 1,350,000 held by RS McDowell Esq)	1,395,000	3.68
P Kear Esq	1,340,752	3.53
M Ward Esq	1,283,532	3.38
BarclayShare Nominees Limited	1,245,065	3.28

Acquisition of the company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolution of 20 July 2016, to purchase through the market up to 3,656,840 of the Company's shares at a maximum price of 105% of the average middle market price for the five business days immediately preceding the date of purchase and a minimum price of 2p per share. This authority expires at the AGM to be held on 27th July 2017. 140,450 shares were purchased in the year ending 31 March 2017.

Own shares are ordinary 2p shares purchased in order to satisfy outstanding option obligations. Sales from own shares are the shares issued to option holders on exercise of their options. The maximun number of own shares held in the year was 125,063 (2016: 266,584).

The following purchases and sales of own shares (shares held in treasury) have been made:

	Number of own shares	Share price at point of transaction in pence	% Share capital
Balance of own shares (shares held in treasury) at 1 April 2015	**137,452**		**0.39%**
Sale of own shares (20/04/15)	(30,000)	56.00	0.08%
Sale of own shares (20/04/15)	(11,786)	56.00	0.03%
Purchase of own shares (4/12/15)	110,000	100.00	0.30%
Sale of own shares (7/12/15)	(105,000)	106.50	0.03%
Purchase of own shares (18/12/15)	73,772	101.50	0.20%
Purchase of own shares (7/1/16)	22,146	97.92	0.06%
Purchase of own shares (14/3/16)	70,000	120.00	0.19%
Sale of own shares (24/3/16)	(248,638)	136.00	0.68%
Sale of own shares (24/3/16)	(3,333)	122.00	0.01%
Balance of own shares (shares held in treasury) at 31 March 2016	**14,613**		**0.04%**
Purchase of own shares (27/6/16)	85,450	116.59	0.23%
Purchase of own shares (9/9/16)	25,000	123.50	0.07%
Sale of own shares (15/9/16)	(73,258)	137.00	0.20%
Purchase of own shares (23/9/16)	20,000	136.87	0.05%
Sale of own shares (26/9/16)	(70,000)	136.50	0.19%
Sale of own shares (7/12/16)	(1,000)	180.00	0.00%
Purchase of own shares (17/1/17)	10,000	172.00	0.03%
Sale of own shares (22/3/17)	(7,406)	156.70	0.02%
Balance of own shares (shares held in treasury) at 31 March 2017	**3,399**		**0.01%**

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in house.

The company operates share option schemes which are open to all employees. The three current Schemes are the IS Solutions Employee Share Options 'A' Scheme, the IS Solutions Employee Share Options 'B' Scheme and the IS Solutions EMI Share Options Scheme.

Treasury Policy

The Group's operations are funded by cash reserves. The Group has taken a mortgage to fund the purchase of its land and building. The policy of the Group is to ensure that all cash balances earn a market rate of interest. Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the Group.

Research and Development

The group has continued to attach a high priority to research and development throughout the year aimed at the development of new products and maintaining the technological excellence of existing products.

Financial Instruments

The Group's financial risk management objectives and policies are discussed on page 57 within note 28 to the accounts.

Branch operations

The group has branch operations located in Chennai, India.

Political and Charitable Contributions

The Group made no political contributions or charitable donations during the year (2016: £nil).

The Company holds Directors and Officers Liability insurance.

Disclosure of Information to the Auditor

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) 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.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of RSM UK Audit LLP as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

PJ Kear
Director
Windmill House, 91-93 Windmill Road,
Sunbury-on-Thames, TW16 7EF
26 June 2017

Directors' remuneration report

Introduction

This report has been reviewed by the Company's remuneration Committee and approved by the Board.

Remuneration committee

The remuneration Committee comprises three non-executive Directors, Peter Simmonds, Roger McDowell and John Lythall (effective 21 April 2016) and is chaired by Peter Simmonds. The Committee's terms of reference also require it to meet not less than once each year. It is responsible for reviewing and determining the policy of the Company on executive remuneration including specific remuneration packages for each of the executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Company, of the legal requirements, and (so far as reasonably practical) recommendations and guidelines relating to Directors' remuneration.

None of the Committee has any personal financial interest (other than as shareholders or as noted in the Directors' Report), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the board. No Director plays a part in any discussion about his or her own remuneration.

In determining the executive Directors' remuneration for the year, the Committee consulted Mr Peter Kear, CEO.

Remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Company's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the executive Directors and key members of senior management, and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the non-executive Directors is determined by the Board within limits set out in the Articles of Association.

There are four main elements of the remuneration package for executive directors and senior management:

- Basic annual salary (including directors' fees) and benefits;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

The Company's policy is that a substantial proportion of the potential remuneration of the executive directors should be performance related.

Executive directors are entitled to accept appointments outside the Company providing that the Chairman's permission is sought and fees in excess of £20,000 from all such appointments are accounted for to the Company.

Basic salary

An executive director's salary is determined by the Committee in March of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Company as a whole and relies on objective research which gives up-to-date information on a comparable group of companies.

In addition to basic salary, the executive directors receive certain benefits-in-kind, principally a car (or car allowance) and private medical insurance.

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. In setting the general bonus pool parameters, the Committee takes cognisance of current economic factors and the performance of the Company versus its peers. The bonus scheme for 2017/2018 is set out below. Bonus payments totalling £247,000 were provided for in 2017 (2016: £689,000).

If the Company's profit before tax and amortisation of acquired intangible assets ('pre-tax profits') for the current financial year (2017/2018) show an increase of 15% over the pre-tax profits for 2016/2017, then the sum of £80,000 will be paid into a directors' bonus pool plus £3,000 for each additional percentage point of such increase achieved over 15% up to 25% and £4,500 for each percentage point of such increase achieved over 25% up to a maximum profit before tax of £10.5m. Pre tax profits for each financial year are calculated after deduction of bonus. The actual distribution of the pool between the directors and subsequent payment of these bonuses must be signed off by the Committee and is subject to amendment in the event of any material acquisitions or disposals occurring during the year. Also, for exceptional performance created by one off events the committee may award one off payments in recognition.

Share options

The executive Directors also have options granted to them under the terms of the Company's Share Option Schemes which are open to all employees. Information on these schemes can be found in the Directors report under the 'Employees' section. The Company's policy is to grant options to executive Directors at the discretion of the Committee taking into account individual performance. It is the Company's policy to phase the granting of share options rather than to award them in a single large block to any individual.

The Company does not operate any long-term incentive schemes other than the share option schemes described above. No significant amendments are proposed to be made to the terms and conditions of any entitlement of an executive Director to share options.

Pension arrangements

Executive Directors are members of the Company pension scheme. The scheme is a Money Purchase Scheme with a linked Life assurance scheme. Other than basic salary, no payments to Directors are pensionable.

To the extent that contributions to the Company scheme are restricted by HMRC limits, the Company contributes 6% of the Director's salary providing the Director contributes a minimum of 4% of his salary by way of salary sacrifice. There are no unfunded pension promises or similar arrangements for Directors. There were 5 Directors in the scheme in 2017 (2016: 4).

Directors' remuneration report (Continued)

Performance graph

The above graph shows the Company's share price performance compared with the performance of the FTSE AIM All-Share and FTSE SmallCap Index (GBP). The FTSE Aim All-Share and FTSE SmallCap Index (GBP) have been selected for this comparison because it is the Board's opinion that they give a true comparison to its peers.

Directors' contracts

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

Executive Directors

PJ Kear and JL Dodkins have Directors' service agreements which can be terminated on twelve months' notice. These agreements were dated 29 August 1997. CE Warren also has a service agreement which can be terminated on 3 months' notice dated 1 June 2007. MG Boxall and ML Tod have service agreements which can be terminated on 4 weeks notice dated 1 November 2015 and 4 April 2016 respectively.

Non-executive Directors

PA Simmonds, R McDowell and J Lythall each have an agreement for 12 months which expire on 26 July 2018. The fees of the non-executive Directors are determined and confirmed by the full board excluding (in each case) the non- executive Director concerned.

In the event of early termination, all the Directors' contracts provide for compensation up to a maximum of basic salary plus benefits for the notice period.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2017 £000	2016 £000
Emoluments (Fees / basic salary, benefits and annual bonus)	964	1,233
Money purchase pension contributions	31	35
Total excluding gains on share options	**995**	**1,268**
Share based payments	51	26
Total	**1,046**	**1,294**

Three (2016: one) directors exercised options during the year with gains on exercise of share options during the year totalling £320k (2016: £93k)

Director emoluments (Audited)

The directors are considered key management personnel and their remuneration is as follows:

	Fees/Basic salary £000	Pension Contributions £000	Benefits £000	Annual bonus £000	Total 2017 £000	Total 2016 £000
Executives						
PJ Kear	139	8	15	44	206	368
JL Dodkins	116	7	13	35	171	348
CE Warren	96	11	2	33	142	87
MG Boxall (appointed 26/9/2016)	57	3	4	95	159	-
ML Tod (appointed 21/12/2016))	33	2	1	40	76	-
Non-Executives						
PA Simmonds	30	-	-	-	30	29
J Lythall	78	-	8	-	86	373
RS McDowell	15	-	-	-	15	15
PD English (retired 20/7/2016)	5	-	-	-	5	15
MLS Tinling (retired 20/7/2016)	5	-	-	-	5	15
BA Clark (retired 30/7/2015)	-	-	-	-	-	5
GS Shingles (retired 23/01/16)	-	-	-	-	-	13
Total	**574**	**31**	**43**	**247**	**895**	**1,268**

Pension costs represent contributions made by the Company for 5 directors (2016: 4) to money purchase pension schemes. No directors (2016: Nil) are covered by defined benefit schemes.

J Lythall retired as an executive director on 31 March 2016 and became a non executive director on 1 April 2016. His remuneration includes fees for consulting services to the company.

Directors share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for directors who served during the year are as follows:

	Number at 31.3.16	Lapsed during year	Granted during year	Exercised during year	Number at 31.3.17	Option price	Expiry date	Exercisable from
PJ Kear	35,000	-	-	-	35,000	18.5p	07/01/2020	07/01/2013
	400,000	-	-	-	400,000	51.0p	31/07/2025	31/07/2018
JL Dodkins	400,000	-	-	-	400,000	51.0p	31/07/2025	31/07/2018
	35,000	-	-	35,000	-	18.5p	07/01/2020	07/01/2013
CE Warren	64,637	-	-	64,637	-	27.85p	05/11/2017	24/06/2015
*	10,773	-	-	10,773	-	27.85p	02/07/2018	24/06/2015
*	17,955	-	-	17,955	-	27.85p	31/12/2018	24/06/2015
*	17,955	-	-	17,955	-	27.85p	26/11/2019	24/06/2015
*	17,955	-	-	17,955	-	27.85p	01/06/2020	24/06/2015
*	53,864	-	-	-	53,864	27.85p	24/05/2024	24/06/2015
	150,000	-	-	-	150,000	90.5p	22/01/2026	22/01/2017
MG Boxall	300,000	-	-	-	300,000	75.0p	02/11/2025	02/11/2016
ML Tod	-	-	250,000	-	250,000	113.0p	26/06/2026	26/06/2017
PA Simmonds **	-	-	-	-	-	-	-	-
J Lythall	70,000	-	-	70,000	-	22.25p	11/11/2017	11/11/2010
	400,000	-	-	-	400,000	51.0p	31/07/2025	31/07/2018
RS McDowell **	-	-	-	-	-	-	-	-
PD English **	-	-	-	-	-	-	-	-
MLS Tinling **	-	-	-	-	-	-	-	-

* During the year ended 31/3/2016, 183,139 EMI options were granted to CE Warren which replaced the options held in Speed-Trap Holdings Ltd on its acquisition, on a pro rata basis.

** PA Simmonds, RS McDowell, PD English and MLS Tinling did not hold any share options during the year.

The market price of the shares at 31 March 2017 was 139.5p (155.0p at 31 March 2016) and the range in the period under review was 113.0p to 195.0p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

Approval

This report was approved by the Board of directors on 26 June 2017 and signed on its behalf by:

Peter Kear
Chief Executive Officer

Statement of Directors' responsibilities

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are requied by the aim rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and also elected under Company Law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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 keeping adequate accounting records that are sufficient to show and explain the group's 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 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 D4t4 Solutions 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

Peter Kear
Chief Executive Officer
26 June 2017

Independent Auditor's report to the members of D4t4 Solutions Plc

Opinion on financial statements

We have audited the group and parent company financial statements ("the financial statements") on pages 34 to 60. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

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

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

David Clark (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB
26 June 2017

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Continuing operations			
Revenue	4	**17,670**	18,609
Cost of sales		(7,806)	(9,395)
Gross profit		**9,864**	9,214
Distribution costs		(3,797)	(3,958)
Administration expenses		(1,834)	(1,985)
Other operating income	5	55	22
Profit from operations		**4,288**	3,293
Investment income	6	1	1
Finance costs	6	(46)	(76)
Profit before tax		**4,243**	3,218
Tax	10	(340)	(278)
Profit for the year attributable to owners of the parent		**3,903**	2,940
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on property revaluation		47	48
Total comprehensive income for the period attributable to equity holders of the parent		**3,950**	2,988
Earnings per share			
Basic	13	10.49p	8.17p
Diluted		10.02p	7.64p

Consolidated statement of changes in equity attributable to Owners of the Parent for the year ended 31 March 2017

	Notes	Share capital	Share premium	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2015		**708**	**6,570**	**228**	**(80)**	**1,380**	**3,057**	**11,863**
Dividends paid		-	-	-	-	-	(380)	(380)
Purchase of own shares		-	-	-	(291)	-	-	(291)
Sale of own shares		-	-	-	348	(40)	(257)	51
Issue of contingent shares		24	548	-	-	(606)	-	(34)
Share-based payments		-	-	-	-	-	38	38
Transaction with owners		**24**	**548**	**-**	**57**	**(646)**	**(599)**	**(616)**
Profit for the year		-	-	-	-	-	2,940	2,940
Other comprehensive income		-	-	48	-	-	-	48
Total comprehensive income		**-**	**-**	**48**	**-**	**-**	**2,940**	**2,988**
Deferred tax on outstanding share options		-	-	-	-	206	155	361
Amortisation		-	-	-	-	-	49	49
Balance at 1 April 2016		**732**	**7,118**	**276**	**(23)**	**940**	**5,602**	**14,645**
Dividends paid	12	1	20	-	-	6	(780)	(753)
Purchase of own shares	23	-	-	-	(175)	-	-	(175)
Sale of own shares	23	10	205	-	192	(121)	(298)	(12)
Issue of contingent shares	25	16	384	-	-	(400)	-	-
Share-based payments	26	-	-	-	-	-	86	86
Transaction with owners		**27**	**609**	**-**	**17**	**(515)**	**(992)**	**(854)**
Profit for the year		-	-	-	-	-	3,903	3,903
Other comprehensive income		-	-	47	-	-	-	47
Total comprehensive income		**-**	**-**	**47**	**-**	**-**	**3,903**	**3,950**
Rate change on deferred tax		-	-	-	-	(45)	30	(15)
Deferred tax on outstanding share options	11	-	-	-	-	(138)	(39)	(177)
Balance at 31 March 2017		**759**	**7,727**	**323**	**(6)**	**242**	**8,504**	**17,549**

Consolidated balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,507	1,754
Property, plant and equipment	16	2,595	2,615
Deferred tax assets	11	230	792
		13,028	**13,857**
Current assets			
Trade and other receivables	18	4,269	2,757
Inventories	19	341	-
Cash and cash equivalents		6,290	5,007
		10,900	**7,764**
Total assets		**23,928**	**21,621**
Current liabilities			
Trade and other payables	20	(4,922)	(5,045)
Borrowings	21	(421)	(397)
		(5,343)	**(5,442)**
Non-current liabilities			
Borrowings	21	(780)	(1,183)
Deferred tax liabilities	11	(256)	(351)
		(1,036)	**(1,534)**
Total liabilities		**(6,379)**	**(6,976)**
Net assets		**17,549**	**14,645**
Equity			
Share capital	22	759	732
Share premium account		7,727	7,118
Revaluation reserve		323	276
Own shares		(6)	(23)
Equity reserve		242	940
Retained earnings		8,504	5,602
Attributable to equity holders of the parent		**17,549**	**14,645**

These financial statements of D4t4 Solutions Plc, registered number 01892751, were approved by the Board of Directors and authorised for issue on 26 June 2017 and were signed on its behalf by

P Kear, Director

Consolidated cash flow statement for the year ended 31 March 2017

	2017 £'000	2016 £'000
Operating activities		
Profit for the year	**3,903**	**2,940**
Adjustments for:		
Depreciation of property, plant and equipment	221	178
Amortisation of intangible assets	247	260
Finance income	(1)	(1)
Finance expense	46	76
Share-based payments	86	38
Gain on sale of property, plant and equipment	(1)	-
Exchange gains on cash and cash equivalents	(305)	-
Income tax expense	340	278
Operating cash flows before movements in working capital	**4,536**	**3,769**
(Increase) / Decrease in receivables	(1,512)	2,032
Increase in inventories	(341)	-
(Decrease) / Increase in payables	(123)	618
Cash derived from operations	**2,560**	**6,419**
Income taxes paid	(26)	(69)
Net cash from operating activities	**2,534**	**6,350**
Investing activities		
Interest received	1	1
Purchase of property, plant and equipment	(162)	(332)
Net cash used in investing activities	**(161)**	**(331)**
Financing activities		
Dividends paid	(753)	(380)
Repayment of borrowings	(403)	(411)
Interest paid	(46)	(76)
Payments to finance lease creditors	(8)	-
Purchase of own shares	(400)	(240)
Sale of own shares	215	-
Net cash used in financing activities	**(1,395)**	**(1,107)**
Net increase in cash and cash equivalents	**978**	**4,912**
Cash and cash equivalents at start of year	5,007	95
Exchange gains on cash and cash equivalents	305	-
Cash and cash equivalents at end of year	**6,290**	**5,007**

Company statement of changes in equity attributable to Owners of the Parent for the year ended 31 March 2017

	Notes	Share capital	Share premium	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2015		**708**	**6,570**	**228**	**(80)**	**1,380**	**2,865**	**11,671**
Dividends paid		-	-	-	-	-	(380)	(380)
Purchase of own shares		-	-	-	(291)	-	-	(291)
Sale of own shares		-	-	-	348	(40)	(257)	51
Issue of contingent shares		24	548	-	-	(606)	-	(34)
Share-based payments		-	-	-	-	-	38	38
Transactions with owners		**24**	**548**	**-**	**57**	**(646)**	**(599)**	**(616)**
Profit for the year		-	-	-	-	-	3,122	3,122
Other comprehensive income		-	-	48	-	-	-	48
Total comprehensive income		**-**	**-**	**48**	**-**	**-**	**3,122**	**3,170**
Deferred tax on outstanding share options		-	-	-	-	206	155	361
Amortisation		-	-	-	-	-	49	49
Balance at 1 April 2016		**732**	**7,118**	**276**	**(23)**	**940**	**5,592**	**14,635**
Dividends paid	12	1	20	-	-	6	(780)	(753)
Purchase of own shares	23	-	-	-	(175)	-	-	(175)
Sale of own shares	23	10	205	-	192	(121)	(297)	(11)
Issue of contingent shares	25	16	384	-	-	(400)	-	-
Share-based payments	26	-	-	-	-	-	86	86
Transactions with owners		**27**	**609**	**-**	**17**	**(515)**	**(991)**	**(853)**
Profit for the year		-	-	-	-	-	4,071	4,071
Other comprehensive income		-	-	47	-	-	-	47
Total comprehensive income		**-**	**-**	**47**	**-**	**-**	**4,071**	**4,118**
Rate change on deferred tax		-	-	-	-	(45)	30	(15)
Deferred tax on outstanding share options	11	-	-	-	-	(138)	(39)	(177)
Balance at 31 March 2017		**759**	**7,727**	**323**	**(6)**	**242**	**8,663**	**17,708**

Company balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,507	1,754
Property, plant and equipment	16	2,595	2,615
Investment in subsidiaries	17	273	273
Deferred tax assets	11	230	792
		13,301	**14,130**
Current assets			
Trade and other receivables	18	4,581	2,939
Inventories	19	341	-
Cash and cash equivalents		6,290	5,007
		11,212	**7,946**
Total assets		**24,513**	**22,076**
Current liabilities			
Trade and other payables	20	(5,348)	(5,502)
Borrowings	21	(421)	(405)
		(5,769)	**(5,907)**
Non-current liabilities			
Borrowings	21	(780)	(1,183)
Deferred tax liabilities	11	(256)	(351)
		(1,036)	**(1,534)**
Total liabilities		**(6,805)**	**(7,441)**
Net assets		**17,708**	**14,635**
Equity			
Share capital	22	759	732
Share premium account		7,727	7,118
Revaluation reserve		323	276
Own shares		(6)	(23)
Equity reserve		242	940
Retained earnings		8,663	5,592
Attributable to the equity holders of the company		**17,708**	**14,645**

The Company's profit for the year was £4.1m (2016: £3.1m)

These financial statements of D4t4 Solutions Plc, registered number 01892751, were approved by the Board of Directors and authorised for issue on 26 June 2017 and were signed on its behalf by

P Kear, Director

Company cash flow statement for the year ended 31 March 2017

	2017 £'000	2016 £'000
Operating activities		
Profit for the year	**4,071**	**3,122**
Adjustments for:		
Depreciation of property, plant and equipment	221	178
Amortisation of intangible assets	247	260
Finance income	(1)	(1)
Finance expense	46	76
Share-based payments	86	38
Gain on sale of property, plant and equipment	(1)	-
Exchange gains on cash and cash equivalents	(305)	-
Income tax expense	340	278
Operating cash flows before movements in working capital	**4,704**	**3,951**
(Increase) / decrease in receivables	(1,641)	1,850
Increase in inventories	(341)	-
(Decrease) / increase in payables	(162)	618
Cash absorbed in operations	**2,560**	**6,419**
Income taxes paid	(26)	(69)
Net cash derived from operating activities	**2,534**	**6,350**
Investing activities		
Interest received	1	1
Purchase of property, plant and equipment	(162)	(332)
Net cash used in investing activities	**(161)**	**(331)**
Financing activities		
Dividends paid	(753)	(380)
Repayment of borrowings	(403)	(411)
Interest paid	(46)	(76)
Payments to finance lease creditors	(8)	-
Purchase of own shares	(400)	(240)
Sale of own shares	215	-
Net cash used in financing activities	**(1,395)**	**(1,107)**
Net increase in cash and cash equivalents	**978**	**4,912**
Cash and cash equivalents at start of year	5,007	95
Exchange gains on cash and cash equivalents	305	-
Cash and cash equivalents at end of year	**6,290**	**5,007**

Notes to the financial statements

1. General information

D4t4 Solutions Plc is a public company incorporated and domiciled in England and Wales and quoted on the AIM Market. The address of its registered office, registered number and principal place of business is disclosed on the inside cover of the financial statements.

On 20 July 2016 the company changed it's name from IS Solutions Plc to D4t4 Solutions Plc

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for the revaluation of land and buildings.

The presentation and functional currency of the financial statements is British Pounds and amounts are rounded to the nearest thousand pounds.

Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position and the risks and uncertainties are presented in the Strategic Report on pages 11-16. The Group and Company have sufficient financial resources to cover budgeted future cashflows, together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group and Company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

Having reviewed the future plans and projections for the business, the Directors believe that the Company and its group undertakings have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised standards

Standards, amendments and interpretations effective in the period to 31 March 2016:

IAS 1	Presentation of financial statements
IAS 16 & IAS 38	Disclosure initiative - Acceptable methods of depreciation and amortisation
IAS 27	Separate financial statements - Equity method

The adoption of these Standards has had no material impact on the results for the year ended 31 March 2017.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:

IFRS 9	Financial Instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IAS 7	Disclosure initiative
IFRS 2	Share-based payment

IFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risk and reward. D4t4 Solutions is currently reviewing the revenue in relation to its contracts with customers to determine which, if any, will be impacted by IFRS 15. It is not yet in a position to conclude whether the implementation will have a material impact on its revenues. The introduction of IFRS 15 is likely to result in some internal process changes across the Group.

The directors anticipate that the adoption of the other Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

The group accounts consolidate the accounts of D4t4 Solutions Plc and all its subsidiary undertakings using the acquisition method. These accounts are made up to 31 March 2017.

In the company's accounts, investments in subsidiary undertakings are stated at cost less provisions for impairment. All intra-group transactions and balances are eliminated on consolidation.

In accordance with Section 408 of the Companies Act 2006 D4t4 Solutions Plc is exempt from the requirement to present its own income statement and related notes that form a part of these approved financial statements. The profit of the parent is disclosed in the Company balance sheet and statement of changes in equity for the year.

Notes to the financial statements (Continued)

Property, plant and equipment

The carrying value of these assets is stated at cost or valuation, less accumulated depreciation and any impairment loss. Freehold land is not depreciated. The estimated lives of assets are reviewed annually by the Board and freehold land and buildings are professionally valued periodically. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the lives and values are adjusted as necessary.

The group makes provision for depreciation so that the cost less estimated residual value of each asset is written off by equal instalments over its estimated useful economic life as follows

Buildings	- up to 35 years
Leasehold improvements	- up to 10 years
Fixtures and equipment	- up to 4 years
Motor vehicles	- up to 5 years

Acquisitions

On the acquisition of a business net fair values are attributed to the identifiable assets and liabilities acquired. Where the cost of acquisition exceeds this net fair value, the difference is treated as purchased goodwill and capitalised in the Group balance sheet in the year of acquisition. If a subsidiary's assets are subsequently hived up into the parent then the corresponding amount of goodwill is capitalised in the Company balance sheet too.

Goodwill

Capitalised goodwill is shown in the balance sheet. Its carrying value is subject to annual review and any impairment is recognised immediately as a loss which cannot subsequently be reversed. Goodwill arising on acquisitions made before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested annually for impairment.

Goodwill has arisen from the acquisition of businesses.

Investments in subsidiaries

The carrying value of investments is stated at cost less any provision for impairment. This value is reviewed annually by the Board with respect to future cash flows in respect of revenue streams related to the investment.

Other intangible assets

IPR

On acquisition IPR has been capitalised based upon an estimate of the costs involved in creation of that IPR.

Trade name

On the acquisition of a business, the future value of the trade name of that business is estimated and capitalised. The fair value is amortised over 10 years.

Impairment of intangibles is reviewed annually in with reference to future cash flows from the specific cash generating units to which the intangible has been allocated.

Inventory policy

Inventories are stated at the lower of cost or market value. The valuation method for each item of inventory remains consistent from one accounting period to the next.

Research and development costs

Expenditure on research is recognised as an expense in the period in which it is incurred.

Development costs are capitalised only when an internally-generated intangible asset can be identified which will generate future revenue streams and whose cost can be measured reliably. These costs are written off on a straight line basis over the expected life of the revenue stream. Other development costs are recognised as an expense in the period in which they are incurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Transactions of foreign operations are translated using the average rate of exchange for the year. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Profit from operations

Profit from operations is stated before investment income, finance costs and other gains and losses.

Operating leases
Rentals payable under operating leases are recognised as a cost on a straight line basis over the life of the lease. Similarly rental income arising from operating leases is credited to income on a straight-line basis over the period of those leases.

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based payments
Periodically the Group offers share options (at the prevailing market price) to all employees. The Group has conformed with the requirements of IFRS2 "Share Based Payment" for share options issued after 7 November 2002 and unvested at 1 January 2012. Those options are measured at fair value (using the Black-Scholes model and management's best estimates) and are expensed on a straight-line basis over their vesting period. Options vest only when the Remuneration committee is satisfied that the vesting criteria have been met, and are settled subsequently by equity shares in the parent company.

Treasury shares
From time to time the Company purchases its own shares for the purpose of satisfying the future exercising of outstanding share options. These shares are held in treasury and are shown as a reduction in the company's reserves.

Pension costs
The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation
Current tax (UK and foreign) is calculated on the profit for the year (adjusted for appropriate reliefs, allowances, non-deductible expenses and timing differences) using the appropriate tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all material temporary differences in the treatment of certain items for taxation and accounting purposes which have arisen but have not reversed by the balance sheet date. It is recognised at the expected prevailing rate at the time of reversal, and is recognised as an asset only to the extent that it is probable that taxable profits will be available to utilise it. It is reviewed annually.

The impact of discounting is not considered material.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after the elimination of intercompany transactions within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is classified as being derived from

- Licence sales;
- Project work; and
- Recurring revenues

Products and licences revenues are recognised upon delivery.

Services revenues are recognised as work is completed.

Hosting and support revenues are recognised on a time basis.

Financial Instruments
Financial assets and liabilities are recognised on the balance sheet when the Group or Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables do not carry interest and are stated at their cost reduced by an appropriate allowance for irrecoverable amounts.

A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provisional for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Trade and other payables are not interest bearing and are stated at cost.

Cash and cash equivalents comprise cash in hand and deposits repayable in less than three months, less overdrafts payable on demand.

Borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are amortised over the period in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they arise.

Company accounts

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that act these have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are the same as those set out above in respect of the Group. As permitted in section 408 of that act the company has elected not to present its own statement of comprehensive income for the year.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting polices described in note 2. the directors are required to make judgements about, and estimates of the carrying values of assets and liabilities where for reasons of uncertainty these may differ from their book values. These judgements are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

Goodwill and other intangibles

The ongoing valuation of goodwill for the purposes of determining impairment requires the evaluation of future cash flows from the cash generating units to which the goodwill has been allocated. Note 14 shows the carrying values of the components of goodwill.

Revenue recognition

The management regularly reviews the application of its policy on revenue recognition in line with the accounting policies stated in Note 2.

Large Contracts

We have undertaken a number of significant contracts during the year to 31 March 2017, which included software, hardware, professional services and ongoing maintenance and support. Revenue recognition has been applied in line with IAS 18 and the accounting policies stated in note 2.

4. Revenue

	Group	
Analysis of revenue	2017	2016
Continuing operations	£'000	£'000
Sale of goods	3,716	2,974
Rendering of services	13,954	15,635
	17,670	18,609

5. Other operating income

	Group	
	2017	2016
Analysis of other operating income	£'000	£'000
Operating lease receipts (see note 27)	55	22
	55	22

6. Investment income and finance costs and other gains and losses

	Group	
	2017	2016
	£'000	£'000
Analysis of investment income		
Bank interest received	1	1
Analysis of finance costs		
Mortgage interest paid	(9)	(12)
Loan interest	(29)	(40)
Directors Loan Interest	(7)	(14)
Other	(1)	(10)
	(46)	(76)

7. Business and geographical segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and assess their performance.

The information presented to the Chief Executive for the purpose of resource allocation and assessment of segment performance is focused on the type of product sold. The principal activity of the Group is split into three categories of product and services sold:

- Licence sales
- Project work
- Recurring revenues.

Notes to the financial statements (Continued)

No allocation of other income and costs to these categories is made because the Directors consider that any such allocation would be arbitrary. Any allocation of assets and liabilities to these categories would also be arbitrary. The reporting below is consistent with that provided to the Chief Executive.

Continuing operations 2017	Licence sales	Project work	Recurring revenues	Total
	£'000	£'000	£'000	£'000
External sales	3,716	9,467	4,825	18,008
Adjustment for agency basis	-	-	(338)	(338)
Reported revenue	3,716	9,467	4,487	17,670
Segment result (gross profit)	3,179	4,339	2,346	9,864
Other operating costs and income				(5,576)
Investing and financing activities				(45)
Profit before tax				4,243
Major customers (over 10% of revenue)				
Customer 1	-	7,935	1,867	9,802
Customer 2	1,144	-	700	1,844

Continuing operations 2016	Licence sales	Project work	Recurring revenues	Total
	£'000	£'000	£'000	£'000
External sales	2,974	10,666	5,443	19,083
Adjustment for agency basis	-	-	(474)	(474)
Reported revenue	2,974	10,666	4,969	18,609
Segment result (gross profit)	2,076	4,584	2,554	9,214
Other operating costs and income				(5,921)
Investing and financing activities				(75)
Profit before tax				3,218
Major customers (over 10% of revenue)				
Customer 1	-	7,935	1,867	9,802

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Non-current assets are wholly attributable to the company's country of domicile.

Geographical segments

	2017	2016
	£'000	£'000
United Kingdom	2,012	4,875
Europe	4,021	2,335
United States of America	10,947	11,014
Others	690	385
	17,670	18,609

The geographical revenue segment is determined by the domicile of the external customer
Non-current assets are wholly attributable to the company's country of domicile.

8. Profit from operations

	2017	2016
Profit from operations has been arrived at after charging/(crediting):	£'000	£'000
Research and development costs	469	386
Net foreign exchange gain	(357)	(95)
Depreciation of property, plant & equipment	221	178
Loss on disposal of property, plant & equipment	1	-
Amortisation of intangible assets (see note 15)	247	260
Staff costs (see note 9)	7,295	7,547
Auditors' remuneration for audit services (Group and Company, the Company fee is not separately quantifiable)	39	51
Auditors' remuneration for tax compliance	3	-
Auditors' remuneration for tax advisory services	10	35
Auditors' remuneration for other services	22	7
Operating lease payments	34	29

9. Staff costs

	Group and company	
The average number of employees (including directors)	2017	2016
during the period was:	Number	Number
Production and support	88	81
Distribution	27	23
Administration	9	9
	124	113
Their aggregate remuneration comprised:	£'000	£'000
Salaries	6,358	6,508
Social security costs	679	689
Pension costs	344	350
	7,381	7,547

Details of Directors' remuneration required by the Companies Act are set out in the audited information included in the Directors' remuneration report on page 29. For the purposes of IAS 24 "Related Party Disclosures" these figures also equate to the salary disclosures required of the key management personnel.

Other related party transactions involving directors, including dividends and director's loans, are disclosed in the Directors' report on pages 21 and 25.

The company has taken the IAS24 exemption from disclosing transactions with wholly owned subsidiaries.

Notes to the financial statements (Continued)

10. Tax

	2017	2016
	£'000	£'000
Current UK tax	-	-
Foreign tax	65	-
Less: double taxation relief	(25)	-
	40	-
Deferred tax	300	270
Under provision in prior years	-	8
Corporation tax	**340**	**278**

The charge for the year can be reconciled to the reported profit as follows:

	2017	2016
Profit before tax	4,243	3,218
UK corporation tax at 20% (2016: 20%)	849	644
Research and development credit	(122)	(100)
Relief for exercising of share options	(214)	(85)
Difference between writing-down allowances and depreciation	-	(20)
Amortisation of intangibles	42	52
Other non-deductible expenses	14	43
Effect of higher rates in other jurisdictions	40	-
Shared based payments	17	-
Under provision in prior years	-	8
Utilisation of tax losses	(286)	(264)
Tax charge as above	**340**	**278**

11. Deferred tax

Group	Other timing difference £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Balance at 1 April 2015	7	91	-	600	(400)	298
Recognised within the Statement of Changes in Equity	-	206	155	264	49	674
Charge to income statement	33	-	-	(564)	-	(531)
Balance at 1 April 2016	**40**	**297**	**155**	**300**	**(351)**	**441**
Change to opening balance	-	(45)	(23)	-	53	(15)
Recognised within the Statement of Changes in Equity	-	(138)	(39)	-	-	(177)
	-	**(183)**	**(62)**	**-**	**53**	**(192)**
Change to income statement	(34)	-	17	(300)	42	(275)
Balance at 31 March 2017	**6**	**114**	**110**	**-**	**(256)**	**(26)**
Company						
Balance at 1 April 2015	7	91	-	600	(400)	298
Recognised within the Statement of Changes in Equity	-	206	155	264	49	674
Charge to income statement	33	-	-	(564)	-	(531)
Balance at 1 April 2016	**40**	**297**	**155**	**300**	**(351)**	**441**
Change to opening balance	-	(45)	(23)	-	53	(15)
Recognised within the Statement of Changes in Equity	-	(138)	(39)	-	-	(177)
	-	**(183)**	**(62)**	**-**	**53**	**(192)**
Change to income statement	(34)	-	17	(300)	42	(275)
Balance at 31 March 2017	**6**	**114**	**110**	**-**	**(256)**	**(26)**

12. Dividends

Amounts recognised as distributions to equity holders	2017 £'000	2016 £'000
Final dividend for the period ended 31 March 2016 of 1.50p (2015: 0.56p)	574	198
Interim dividend for the year ended 31 March 2017 of 0.55p (31 March 2016: 0.50p)	206	182
	780	**380**
Proposed final dividend for the year ended 31 March 2017 of 1.7p		

The proposed final dividend is subject to shareholders' approval at the AGM and has not been included as a liability in these financial statements.

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13. Earnings per share

Basic

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

	2017		2016	
	Pence per share	£'000	Pence per share	£'000
Profit attributable to equity holders of the Company	10.49p	3,903	8.17p	2,940

Diluted

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2017	2016
	Number	Number
Basic weighted average of shares in issue	37,193,118	35,993,206
Effect of dilutive share options	1,767,183	2,512,249
Weighted average for the purpose of diluted earnings per share	38,960,301	38,505,455

Adjusted

Adjusted diluted earnings per share is defined as profit for the year adjusted for amortisation, share based payments and foreign exchange gains/losses divided by the diluted weighted average number of ordinary shares of the Company.

	2017		2016	
	Pence per share	£'000	Pence per share	£'000
Profit for the year	10.02	3,903	7.64	2,940
Amortisation	0.63	257	0.64	246
Foreign exchange gains/losses	(0.92)	(357)	0.00	-
Share based payments	0.22	86	0.10	38
Tax on non-statutory adjustments	0.02	5	(0.14)	(51)
Adjusted earnings	**9.97**	**3,894**	**8.24**	**3,173**

14. Goodwill

	Group		Company	
	2017	2016	2017	2016
Cost of goodwill	£'000	£'000	£'000	£'000
Balance at 1 April and 31 March	**10,952**	**10,952**	**10,608**	**10,608**
Accumulated impairment charges				
Balance at 1 April and 31 March	2,256	2,256	1,912	1,912
Carrying amount at year end	**8,696**	**8,696**	**8,696**	**8,696**
Allocation of goodwill				
AXL customers	100	100	100	100
Chapter26 customers	918	918	918	918
Speed-Trap customers	7,678	7,678	7,678	7,678
Balance at 31 March	**8,696**	**8,696**	**8,696**	**8,696**

The carrying amount of goodwill represents the balance of the original cost of goodwill attached to the subsidiary companies on acquisition. The Group is required to test this value at least annually for impairment. The extant customers of the subsidiaries (all of whom are now customers of the parent company) continue to form identifiable cash generating units (CGUs). For AXL and Chapter 26, all the CGUs are within the United Kingdom, while for Speedtrap the CGUs are spread globally. The recoverable amounts of the cash generating units are determined from the value in use calculations.

The Group prepares profit forecasts derived from the most recent budgets and forecasts approved by the Board. Growth rates for Speed-Trap and Chapter 26 have been set at 10% and 14% respectively while no growth is assumed within AXL. These rates have been used to extrapolate cash flow projections beyond the most recent budgets for a period of five years. A discount rate of 10%, in line with the industry average has been used to discount the forecast profits over the next five years. The calculation of value in use is most sensitive to the discount rate and management's assumption that the majority of these revenues are recurring on an annual basis. Management believes that no reasonable potential change in any of the above key assumptions would cause the carrying value to exceed its recoverable amount.

15. Other intangible assets

Group & company	Internally generated IPR £'000	IPR £'000	Trade name £'000	Total £'000
Cost				
Balance at 1 April 2015 and 31 March 2016	56	1,858	142	2,056
Balance at 1 April 2016 and 31 March 2017	56	1,858	142	2,056
Accumulated amortisation				
Balance at 1 April 2015	42	-	-	42
Amortisation	14	232	14	260
Balance at 1 April 2016	56	232	14	302
Amortisation	-	233	14	247
Balance at 31 March 2017	56	445	28	549
Carrying amount				
Balance at 1 April 2016	-	1,626	128	1,754
Balance at 31 March 2017	**-**	**1,393**	**114**	**1,507**

The amortisation charge for the year is booked to administration expenses

The remaining amortisation period for the Purchased IPR is 6 years and the Trade name is 8 years. The internally generated IPR has been fully amortised.

16. Property, plant & equipment

Group and Company	Land & buildings £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
Balance at 1 April 2015	2,200	516	55	2,771
Additions	-	287	45	332
Balance at 1 April 2016	2,200	803	100	3,103
Additions	-	120	42	162
Disposals	-	-	(36)	(36)
Balance at 31 March 2017	**2,200**	**923**	**106**	**3,229**
Depreciation				
Balance at 1 April 2015	-	338	19	357
Depreciation charge	47	108	23	178
Revaluation	(47)	-	-	(47)
Balance at 1 April 2016	-	446	42	488
Depreciation charge	48	148	25	221
Revaluation	(48)	-	-	(48)
Eliminated on disposals	-	-	(27)	(27)
Balance at 31 March 2017	**-**	**594**	**40**	**634**
Carrying amount				
Balance at 31 March 2016	2,200	357	58	2,615
Balance at 31 March 2017	**2,200**	**329**	**66**	**2,595**

Allocation of depreciation charge	2017 £'000	2016 £'000
Cost of sales	62	53
Distribution costs	104	71
Administration expenses	55	54
Charge for period	**221**	**178**

Included in land & buildings (valued in 2015 by Cook Steed Associates Ltd - independent valuer) is freehold land at £800,000 (2016: £800,000) which is not subject to depreciation. The land and buildings original purchase cost was £2,224,000.

Following the valuation in 2015, the Directors of the Group have revalued the land and buildings this year in accordance with market conditions.

Freehold land and buildings with carrying values as noted above have been pledged to secure borrowings of the Group (see the borrowings note 21).

17. Investment in subsidiaries

	Company	
	2017	2016
Cost of investment	£'000	£'000
Balance at 1 April and 31 March 2017	273	273
Accumulated provision for impairment		
Balance at 1 April 2016 and 31 March 2017	-	-
Carrying amount at year / period end	273	273

	Country of Incorporation	Trading Status	Proposition of ownership of ordinary shares
IS Solutions Ltd (formerly Celebrus Ltd)†	England & Wales	Dormant	100%
Celebrus Technologies Inc.*‡	USA	Trading	100%
Celebrus Technologies Ltd*†	England & Wales	Dormant	100%
Chapter26 Ltd†	England & Wales	Dormant	100%
D4t4 Solutions Inc.§	USA	Trading	100%
Internet Service Solutions Ltd†	England & Wales	Dormant	100%
Internet Systems Solutions Ltd†	England & Wales	Dormant	100%
Internet Site Solutions Ltd†	England & Wales	Dormant	100%
Magiq Ltd*†	England & Wales	Dormant	100%
Speed-Trap Holdings Ltd†	England & Wales	Dormant	100%

* Owned by Speed-Trap holdings

† Registered address - Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF, UK

‡ Registered address - 38 Kaybe Court, San Jose, California 95139, USA

§ Registered address - 327 Hillsborough Street, Raleigh, North Carolina 27603-1725, USA

The trading companies above engage in the same business as D4t4 Solutions Plc.

18. Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Trade receivables	3,659	2,070	3,659	2,070
Other taxes receivable	-	131	-	131
Amounts due from Group undertakings	-	-	317	182
Other debtors	35	80	30	80
Prepayments and accrued income	575	476	575	476
	4,269	**2,757**	**4,581**	**2,939**

Trade receivables	**2017**	2016	2017	2016
Ageing of past due but not impaired receivables	**£'000**	£'000	£'000	£'000
Overdue 1 month	159	580	159	580
Overdue 2 months	174	187	174	187
Overdue 3 months and more	22	274	22	274
	355	**1,041**	**355**	**1,041**

The Board considers that the recoverable value of the trade receivables, after considering any credit risk, does not differ materially from their carrying value. In particular those amounts past due are assessed to be fully recoverable and are not considered to be impaired. The average credit period taken on sales of goods and services was 67 days (2016: 61 days).

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further credit provision is required.

19. Inventories

	Group & Company	
	2017	2016
	£'000	£'000
Finished goods and goods for resale	341	-
	341	**-**

20. Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Trade payables	999	2,578	538	2,578
Loans from directors	119	185	119	185
Amounts owed to Group undertakings	-	-	1,042	465
Other taxes and social security	294	198	292	198
Other creditors	127	49	72	49
Accruals and deferred income	3,383	2,035	3,285	2,035
	4,922	**5,045**	**5,348**	**5,510**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 65 days (2016: 67 days). Their carrying value approximates to their fair value.

21. Borrowings

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Obligations under finance lease and hire purchase agreements	24	32	24	32
Bank loans and mortgages (see Borrowings below)	1,177	1,580	1,177	1,580
	1,201	**1,612**	**1,201**	**1,612**

Borrowings (Group and Company)	Finance Leases		Bank loans and mortgage	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Balance at 1 April 2016	32	-	1,580	1,991
Taken out in period	-	40	-	-
Repaid during the period	(8)	(8)	(403)	(411)
Balance at 31 March 2017	24	32	1,177	1,580
Repayable within one year	8	8	413	397
Repayable within one to two years	16	24	426	413
Repayable within two to five years	-	-	338	770

The balance of £1,177k at the year end comprises of a loan of £876k (2016: £1,170k) and a mortgage of £301k (2016: £410k), upon which there is no security.

The mortgage is attracting interest at the rate of 2.10% over base rate and the loan at 2.50% over base rate. Both the mortgage and loan will be fully settled by 31 March 2020.

22. Share capital

	2017			2016		
	Shares	Share capital £'000	Share premium £'000	Shares	Share capital £'000	Share premium £'000
Ordinary shares of 2p each						
Authorised	50,000,000	1,000		50,000,000	1,000	
Issued and fully paid up						
Balance at 1 April 2016	36,583,020	732	7,118	35,421,578	708	6,570
Issued during year	1,371,298	27	530	1,161,442	24	548
Balance at 31 March 2016	**37,954,318**	**759**	**7,648**	**36,583,020**	**732**	**7,118**

The Company issued 1,371,298 (2016: 1,161,442) Ordinary shares during the period at a price of 40.65p (2016: 49.2p) increasing the share premium account by £609k (2016: £548k)

23 Own shares (shares held in treasury)

At the year end the company held 3,399 (2016: 14,613) ordinary shares in Treasury, with fair value of £4,742 (2016: £22,650). Details of purchases and sales are shown on page 24.

Notes to the financial statements (Continued)

24. Revaluation reserve

This represents the gains on revaluation of the property in line with market valuations. The property was last professionally revalued in 2015.

25. Contingent shares and equity reserve

The accrual for future transfer of own shares includes £Nil (2016: £400,000) worth of shares contingent upon no warranty claims being made, plus £128,318 (2016: £246,000) which represents the fair value of the current Speed Trap issued options per note 26 less the cash received to exercise those options. In addition the deferred tax asset on these options totals £114,770 (2016: £297,000).

26. Share-based payments

The Company has a share option scheme for all employees of the Group. Options are granted at the closing price on the previous day and have a vesting period of three years. If the options are not exercised within ten years of the grant date, or if employee leaves before their options vest then those options are forfeited.

		2017		2016
	No. of share options	Weighted av. exercise price	No. of share options	Weighted av. exercise price
Balance at 1 April	3,688,117	49.42p	684,000	28.67p
Granted during the year	320,000	117.00p	2,130,851	65.55p
Speed Trap issued during the year	-	-	1,355,579	27.85p
Forfeited during the year	(72,000)	82.17p	-	-
Exercised during the year	(839,245)	27.40p	(482,313)	23.00p
Balance at 31 March 2017	**3,096,872**	**61.56p**	**3,688,117**	**49.42p**
Exercisable at year / period end	**1,396,305**	**45.73p**	**1,557,266**	**27.34p**

The weighted average share price at the exercise date of the exercised shares was £1.57 (2016: £1.11). The weighted average contractual life of the outstanding options was 7 years (2016: 7 years), exercisable in the range 18.5p to 136.0p.

The Group recognised £86k of expense related to equity-settled share-based payments in the year (2016: £38k)

The fair value of options granted during the year is determined by applying the Black-Scholes model. The expense is apportioned over the vesting period of the option and is based on the number which are expected to vest and the fair value of those options at the date of grant.

The inputs into the Black-Scholes model are as follows:

	26 June 16	5 Sept 16	17 Oct 16
Number of options granted	250,000	40,000	30,000
Share price at date of grant	113.00p	124.00p	136.00p
Exercise price	113.00p	124.00p	136.00p
Option life in years	3	3	3
Risk-free rate	0.10%	0.50%	0.26%
Expected volatility	20.00%	20.00%	20.00%
Expected dividend yield	10.00%	10.30%	10.30%
Fair value of options	3.62p	3.74p	4.23p

Expected volatility was determined by calculating the historical volatility of the Group's share price for the 5 year period prior to the date of grant of the share option. The Expected life used in the model is based on management's best estimate.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

27. Operating lease arrangements (Group and Company)

As lessee

There are no outstanding non-cancelled leases (2016: nil)

	2017 £'000	2016 £'000
Lease payments recognised as an expense during the year	34	29

Lease payments are for rental of premises in India

As lessor

There are no outstanding non-cancelled leases (2016: nil)

	2017 £'000	2016 £'000
Lease receipts recognised as income during the year	55	22

Lease receipts are for fixed-term sub-lets of parts of the parent company's premises bearing no contractual right of renewal or extension.

28. Financial instruments

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the executive team. The Board receives monthly reports from the executives through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Capital management policy

Management considers capital to be the carrying amount of equity. The Group manages its capital to ensure it operations are adequately provided for, while maximising the return to shareholders through effective management of its resources. The principal financial risks faced by the Group are liquidity risk, interest rate risk and foreign exchange rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders. The Group meets its objectives by aiming to achieve growth which will generate regular and increasing returns to shareholders.

The Group manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

Capital risk management

The Group and Company's capital structure comprises issued share capital, reserves and borrowings as disclosed in notes 21 & 22, along with cash and cash equivalents. These are managed by the Board to ensure that the Group and Company continues as a profitable going concern. There are no externally imposted capital requirements.

Notes to the financial statements (Continued)

Gearing ratio (at end of year)	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Debt	(1,177)	(1,580)	(1,177)	(1,580)
Cash and cash equivalents	6,290	5,007	6,290	5,007
Net cash	5,113	3,427	5,113	3,427

Categories of financial instruments	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Financial Assets at Amortised Cost				
Cash and bank balances	6,290	5,007	6,290	5,007
Loans and receivables	3,694	2,150	4,006	2,332
Financial Liabilities at Amortised Cost				
Trade and other payables	2,000	3,337	2,427	3,802
Borrowings	1,177	1,580	1,177	1,580

Foreign currency risk management

The Group's foreign currency exposure arises from:

Transactions (sales/purchases) denominated in foreign currencies; and
Monetary items (mainly cash and receivables) denominated in foreign currencies

The exposure to transactional foreign exchange risk is monitored and managed at a Group level.

The carrying amounts of the Group's assets and liabilities denominated in foreign currencies was as follows:

	Liabilities 2017 £'000	Liabilities 2016 £'000	Assets 2017 £'000	Assets 2016 £'000
US Dollars	353	2,027	4,041	3,291
Euros	98	76	156	85

The following table shows the effect of £ strengthening by 5% against foreign currencies, with all other variables held constant, on the Group's result for the year. 5% represents management's assessment of the reasonably possible change in exchange rates.

	$ £'000	€ £'000	Total £'000
At 31 March 2017			
Impact on profit for the year	(155)	(3)	(158)
At 31 March 2016			
Impact on profit for the year	(60)	-	(60)

The following table shows the effect of £ weakening by 5% against foreign currencies, with all other variables held constant, on the Group's result for the year.

	$ £'000	€ £'000	Total £'000
At 31 March 2017			
Impact on profit for the year	171	3	174
At 31 March 2016			
Impact on profit for the year	67	-	67

Credit risk management

The Group uses credit reference agencies to determine and monitor the credit limits of new and existing customers. At the end of the year one customer owed a total of £2,315,000 (2016: three customers owed £1,242,000). No other customers owed more than 10% of the outstanding total. No provision for doubtful debts has been made (2016: nil).

Liquidity risk management

The Board manages liquidity risk by maintaining adequate reserves of cash and banking facilities to cover day-to-day trading. The Group's policy is to pay creditors in full as and when they become due,which for all practical purposes is at latest by the end of the month following the invoice date. The Board believes that there is little liquidity risk since the Group has adequate cash balances to satisfy its creditors.

Long-term borrowings are secured by way of a mortgage on the freehold property and their repayment schedule is shown in note 21.

Maturity analysis of financial liabilities

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
In less than one year:				
Borrowings	449	449	449	449
Trade payables	999	2,578	538	2,578
Loans from directors	119	185	119	185
Amounts owed to Group undertakings	-	-	1,042	465
Other creditors	127	49	72	49
Accruals	755	526	657	526
	2,449	**3,787**	**2,877**	**4,252**
In more than one year:				
Borrowings	798	1,255	798	1,225
	798	1,255	798	1,225

Interest rate risk management

The Group's exposure to changes in interest rate risk primarily relates to interest bearing financial liabilities. The loan bears interest at the rate of 2.50% over base rate and the mortgage at 2.10% over base rate. The Board of Directors monitor movements in interest rates and have not prepared sensitivity analysis in relation to interest rates as they do not believe that any reasonable variance would have a material impact on the Group.

Financial facilities

	2017	2016
	£'000	£'000
Secured bank overdraft facility (unused)	250	500

Fair value measurement

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The freehold land & buildings are observable at level 3.

ALL ABOUT THE DATA

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