Annual Report & Accounts

year ending 31 March 2018

Company Registration Number 01892751

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Headlines

Revenue
(£m)

2018	20.09
2017	17.67
2016	18.61
2015*	12.90

Up by **£2.42m**

GP margin
(%)

2018	57.31
2017	55.82
2016	49.52
2015*	36.37

Up by **2.67%**

Adjusted profit before tax **
(£m)

2018	5.15
2017	4.22
2016	3.50
2015*	1.22

Up by **£0.93m**

Adjusted diluted EPS **
(pence)

2018	11.01
2017	9.97
2016	8.24
2015*	3.86

Up by **1.04p**

* 2015 (15 months)

** Before amortisation of intangibles, share based payments charges and foreign exchange gains as per note 13 on page 68.

Statement by the Chairman

"Our focus on providing the best real time data collection platform in the industry continues and this coupled with our hybrid cloud data platform services leave us well placed to take advantage of the market need for real time, accurate, customer data and finding better ways to analyse and use that data."

Dear Shareholder

I am delighted to present this Annual Financial Report for 2017-18 which records another very successful year for the group.

The year began with a lower than expected first half performance due primarily to longer than expected sales cycles. This was more than offset by a record second half during which we booked the two largest contracts in our group's history and ended up delivering both revenues and profits in excess of the previous year.

Our focus on providing the best real time data collection platform in the industry continues and this coupled with our hybrid cloud data platform services leave us well placed to take advantage of the market need for real time, accurate, customer data and finding better ways to analyse and use that data.

In the year under review we have seen the release of our GDPR compliant Celebrus product and we have also increased the product functionality considerably with the release of Celebrus V8 update 19 of the software which includes many new features including Integration with Adobe Experience Cloud, a new connector to extend our Google and Facebook functionality and extended Hadoop (big data) capabilities.

Strategic direction

We have honed our strategic direction to focus our activities primarily on two areas, the financial services industry and Consumer organisations.

These two sectors represent both our largest installed base and our greatest growth opportunity. (further details are given in Vision and Strategy, page 10).

Operations

This past year has seen investment in a whole range of new operational process initiatives, with our executive team implementing a wide range of improvements that include our CRM, accounting, management support and reporting systems. The most noticeable difference is that the business is now more nimble, robust and able to engage more easily with our clients and the market that we operate in.

Some of these activities span more than a year and so I look forward to updating you at a later stage with what I believe will be significant further progress.

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. This year will see the introduction of the new General Data Protection Regulation (GDPR) and I am sure that all of you will now be aware of its importance to any business. We have implemented the required GDPR compliance mechanisms within the business and I am happy to report that we were ready prior to its introduction on 25 May 2018.

People

At 31 March 2018 the Group employed a total of 128 staff in its operations located in India, EMEA and the USA.

We have always been very proud of the increasingly diverse culture of the group and D4t4 prides itself on a family ethos that can be felt in every location, no matter where that is in the world. It is all too easy to lose focus on these principles within the regulatory environment of a publicly quoted company.

During the year we have seen increases in our Indian development and support teams along with investment globally in sales and marketing, pre-sales and consulting and the Board would like to welcome all new colleagues to the business. This growth has delivered substantial benefits during the last twelve months and will continue to do so in the future.

I would like to sincerely thank our management and all our staff for their contribution to our Company and its excellent performance, not only on my behalf but on behalf of all our stakeholders.

Outlook

Going forward, our focus remains on the collection, management and analysis of data thereby assisting our clients to derive considerable value from their customer data and on delivering highly scalable analytical platforms with our hybrid cloud data platform services.

The first few months of the year have started inline with our plan and we continue to attract new partners, new opportunities and new clients. This leads us to be confident for the year ahead.

As a group we have invested in our people, our systems and our products and we look forward to keeping you up to date on progress during what looks to be a very interesting and profitable year.

Peter Simmonds
Non-executive Chairman
25 June 2018

Strategic report

Statement by the Chief Executive Officer

"Our clients operate in markets where in many cases the only differentiation that they have from their competitors is how well they understand and interact with their customers and how quickly they can capitalise on that customer interaction. All of which drives increasing demand for more scalable and cost-effective, compliant data collection and analytical platforms"

"Our strategy continues to deliver and is reflected in our strong profit growth. The business enters the new financial year in robust shape after achieving record bookings in the second half year under review - we are encouraged by the opportunities and outlook for the business in the coming year."

Introduction

I am pleased to present to all stakeholders our Strategic and Financial Report covering the year ended 31 March 2018, which records another strong year of profitable growth for the group and culminated in the signing of the two largest contracts in the group's history – see more details below.

As a business, we have successfully grown both top line revenue and profits over the comparable year and it is pleasing to witness that the Group has achieved notable sales success in North America following our recent sales and marketing investment in the region.

Our pleasing performance stems from the effectiveness of the group's investment programme into our core products for both data capture and its successful implementation on behalf of our clients and, in our hybrid cloud data platform service business which provides a scalable platform to allow our clients to focus on understanding their customers' behaviour better, calculate risk and ensure regulatory compliance.

Overview

D4t4 has continued to build upon our previously stated strategic objectives 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" (further details are given in What we do, page 8); subsequently, as a result I am delighted to report a 13.71% increase in top-line growth with total revenues for the group rising to £20.09m.

Importantly, we have been able to maintain gross profit margins through a combination of product sales, our hybrid cloud data platform/projects business and our recurring revenue business, which has resulted in a 22% growth in underlying profitability yielding an adjusted pre-tax profit for the group of £5.15m (2017: £4.22m) (see page 6).

Our clients continue to operate in markets where in many cases the only differentiation that they have from their competitors is how well they understand and interact with their customers and how quickly they can capitalise on that customer interaction. This coupled with a challenging market environment characterised by legislative uncertainties, and increased (and ever increasing) regulatory demands, for example GDPR, and in the Financial markets - CCAR and CECL, are driving increasing demand for more scalable and cost-effective, compliant data collection and analytical platforms.

New customer wins in the UK, Europe and North America were represented across our targeted industry segments including Banking, Insurance, Online retail and Consumer, and our land and expand methodology for sales has had a great deal of success with an increasing proportion of our client base now using our Celebrus product set. During the period under review we signed at least one new Celebrus customer per month.

The North American market contributed greatly to new sales in 2017-18 following last year's investment in the North American team. This important market has the potential for much higher growth, therefore, the Board has approved a development strategy within this territory which includes ongoing investments in pre-sales, partner sales, project management and consulting expertise. This, in addition to forming further strategic alliances and partnerships, will enable us to continue to expand our skill set, marketing and sales capacity within this region.

Our strategic partnerships also remain a major focus for our business as we enthusiastically recognise that the geographical reach and business diversity that our partners bring to us is key to our own future growth. During the year under review we have successfully continued to promote and enhance our relationships with Teradata, SAS, Microsoft, Pegasystems and Adobe both directly and via their partners.

Summary review of the year ended 31 March 2018

D4t4 has had another successful financial year.

Our business has delivered revenues of £20.09 million (2017: £17.67m) producing an adjusted profit before tax of £5.15m (2017: £4.22m) see page 6, with a statutory profit before tax of £4.4m (2017: £4.24m). This solid growth has been driven by an increase in gross profit margin (GP) for the year to 57.31% which was ahead of market expectations and the previous year (2017: 55.82%). The group remains strongly cash generative however, due to the stronger second half weighting and several contracts which signed close to the year end, net cash reserves were at £3.85m compared to £5.09 million the previous year (net cash is gross cash less any loans). This therefore resulted in trade debtors being far higher than previous and finished the year in March 2018 at £19.53m (2017: £3.66m).

The last twelve months to March 2018 has seen the continuing evolution of our business into the data and analytics market space with a focus on growing our Celebrus software customer base and our hybrid cloud data platform services, which in turn contribute to our licence, recurring and project revenues.

As we have indicated earlier, we have invested in our partner, sales and pre-sales teams, particularly in North America, the outcome of which we are pleased to report is the winning of several significant major contracts with both new and existing clients. We have also invested in our partner-based sales strategy and in 2018-19 we will continue to scale up these relationships which will pay rewards both this year and in the future.

During the last 12 months we have seen a shift in the mix of sales within the group. Firstly, through the growth in the demand for term or recurring licence sales of our **Celebrus product** set which had an impact on the perpetual licence sales that we have been used to in the past but has had the beneficial effect of increasing our recurring revenue. **Celebrus** sales now represent 21.72% of Group revenue. Secondly, we have seen an increase in demand for our hybrid cloud data platform services which have developed well in the year particularly in the North American market. These combined with the ongoing development of our business to the more profitable data and analytics projects and associated recurring revenues has assisted in delivering the overall strong group profit level.

Our hybrid cloud data platform **Projects** business has had a strong year delivering an 31.06% increase in year-on year sales to £12.41 million, (2017: £9.47m). This robust/creditable performance over the previous year provides us with a good level of contract visibility into the immediate future.

Recurring revenues from our managed service and software licence recurring revenue service delivered income of £4.78 million (2017: £4.49m). As mentioned previously this steady growth in performance was due in part to the increase in our Celebrus annuity revenues during the year as more clients move to a term licence arrangement.

Strategic report

Statement by the Chief Executive Officer (Continued)

Financials

	2018	2017	Year on year growth
Revenue			
Licence sales	£2.90m	£3.71m	-21.82%
Projects	£12.41m	£9.47m	+31.06%
Recurring income	£4.78m	£4.49m	+6.53%
	£20.09m	£17.67m	+13.71%
Gross profit	£11.52m	£9.86m	+16.74%
GP margin	57.31%	55.82%	+2.67%
Profit before tax	£4.40m	£4.24m	+3,72%
Adjusted profit before tax *	£5.15m	£4.22m	+22.04%
Basic EPS	9.90p	10.49p	-5.61%
Adjusted basic EPS *	11.49p	10.44p	+10.06%
Diluted EPS	9.49p	10.02p	-5.33%
Adjusted diluted EPS	11.01p	9.97p	+10.43%
Dividend for the period	2.50p	2.25p	+11.11%
Net cash position **	£3.85m	£5.09m	-24.27%

* before amortisation of intangibles, share based payments charges and foreign exchange gains as per note 13 on page 68

** Net cash is gross cash less outstanding borrowings. 2018 Cash position is lower due to business weighting occurring late in second half of year and with a corresponding increase in level of trade debtors

Gross profit in the year was £11.52 million (2017: £9.86m) whilst statutory profit before tax for the period was £4.40m (2017: £4.24m). Administration costs were £7.15m (2017: £5.63m) due in part to staff cost increases see page 64. Therefore, reported profit from operations is £4.43m (2017: £4.29m) and adjusted profit for the year before tax is £5.15m (2017: £4.22m). This includes a foreign exchange loss for the year of £0.40m (2017: £0.36m gain) the loss was due primarily to the significant shift In the US Dollar exchange rate during the year.

Debtors grew from £4.27m to £20.54m, due to timing of contracts, two of which were signed close to the year end. From an income perspective one was recognised in March 2018 while the other was part recognised during March 2018 with the major part to be recognised during the current financial year, this has resulted in the increase in debtors and a deferred income balance of £12.40m (2017: £2.60m).

Cash and cash equivalents at 31 March 2018 stood at £4.63m (2017: £6.29m) this, as we said above, reflects the increased level of trade debtors 2018 £19.53m (2017: £3.66m) due to the business weighting occurring late in the second half. Total net assets at the end of the year were £20.99m (2017: £17.55m) partly as a result of the increase in value of our head office building, which at the end of March 2018 was valued at £3.3m compared to £2.25m in March 2017, see note 29 for details of the revaluation.

Adjusted fully diluted earnings per share grew 10.43% to 11.01 pence (2017: 9.97p), unadjusted diluted EPS was 9.49 pence (2017: 10.02 pence) down some 5.33%. mainly due to the significant movement in the US$ to UK£ foreign exchange rates during 2017-2108.

Dividend

As stakeholders are aware 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 is recommending a final dividend of 1.875p which, if approved by shareholders at the Annual General Meeting, which is to be held on the 23 August 2018, will be paid on 14 September 2018 to Members on the Register at the close of business on 10th August 2018. The Ordinary shares become ex-dividend on 9 August 2018.

People

2017-18 has been a very successful year for the Group, which of course is made up of a great many team and individual successes. This is a testament to the hard work, expertise and professionalism of the D4t4 team.

At the end of March 2018 the Group employed 128 staff in its operations located in India, EMEA and North America.

I personally would like to welcome all new colleagues to the business and to thank everyone for their contribution to another successful year, during which our colleagues have demonstrated outstanding efforts and commitment to ensure that our clients and their customers receive the maximum benefit from the products and services that we supply.

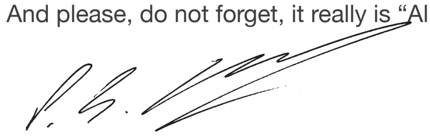
Outlook

As documented in our trading update released in April, during the last quarter of the year under review we signed two significant contracts which are also the biggest in our Group's history. From an income perspective one was recognised in March 2018 while the other was part recognised during March 2018 with the major part to be recognised during the current financial year. We have also recently delivered our first implementations of Celebrus as a Service, our cloud-based deployment, which bodes well for the future.

All of this exciting news and progress gives us an excellent start to the current year and, coupled with an ever- growing opportunity pipeline and even greater cooperation with our growing list of business partners, 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 and enable us to achieve the ambitious plans for the year ahead.

I hope that you enjoy reading about us in this Annual Report – and we look forward to keeping you updated on our business and contract wins throughout the forthcoming year.

And please, do not forget, it really is "All about the Data".



Peter Kear
Chief Executive Officer
25 June 2018

What we do

D4t4 create, author, market and sell a software product, Celebrus, focused on the **capture** of customer data from all digital channels. This data is then used in applications that deliver artificial intelligence, customer insight and analytics, personalisation, decisioning and customer relationship management.

D4t4 services are focused on delivering data **management** using public and private cloud infrastructure that is securely designed to ensure our clients can operationalise data within their organisation. Our role is to provide the expertise that enables our clients to derive value from their data with insightful **analytics** as well as providing the technical architecture skills to design and build performant **platforms** for critical business, analytics, compliance, risk, marketing and artificial intelligence applications.

D4t4 in action

Data Capture (Example)

Real-time customer tracking solution delivered at a leading Scandinavian bank

Business challenge

The bank sought to provide its customers with the best possible user experience, positively impacting customer satisfaction and driving loyalty, retention and incremental business. In support of a specific desire to optimise one-to-one customer marketing, a data feed was needed to power systems of engagement within the bank network, most notably real-time decisioning for delivering immediate one-to-one personalisation.

Our solution

D4t4 was selected to provide and implement its **Celebrus Customer Data Platform** for advanced customer tracking and analytics.

The main driver for the selection of Celebrus was its market-leading completeness, accuracy, pre-built integrations and immediacy in customer data processing. As a result of the software, customers now receive a one-to-one personalised experience across the bank's digital channels, in real-time, based upon the customers' behaviour. This represents a transformation in our client's ability to relate to its customers based on need and motivation, which allows the bank to provide the appropriate next best messages to individuals depending on their place in their journey.

Data Management (Example)

Management of a data platform for an industry wide anti-fraud consortium

Business challenge

A not-for-profit company (acting as a central hub for the sharing of knowledge and sensitive data to a network of industry specific service providers), was looking for a highly secure, performant and scalable platform, packaged as a hosted managed service, to be delivered in a short time frame, including a disaster recovery (DR) facility. This environment was to support the deployment of a new industry leading software application.

Our solution

We architected a managed solution that ensured performance, scalability and availability, with particular concentration on the high level of security required; these considerations defined the Service Level Agreement (SLA) that operates on a 24/7, 365-day basis covering both hardware and software.

Under the SLA we also provide services to ensure that the infrastructure is performing efficiently and that planned upgrades and backups are carried out as required. Extensive reporting mechanisms enable our client to be kept informed of the infrastructure's performance.

Security is a high priority therefore a customised plan was incorporated into the SLA that focuses on these aspects of the service. Independent security analysis and penetration testing of the network environment safeguard security and measures are constantly re-evaluated in response to ever-changing security risks.

This was both a challenging and rewarding project from both a technical and practical aspect. D4t4's experience in technical and time challenging infrastructure projects was invaluable in overcoming risks and potential issues, enabling a successful delivery of the project as planned, on time and budget.

Data Platforms (Example)

Platform migration, consolidation and management of mission-critical risk environment for a top 5 global bank

Business challenge

Our client was struggling with a fragmented analytics estate, operating at poor performance levels and delivering a sub-optimal user experience. Additionally, a key driver for change was that outdated versions of operational software were unsupported, leading to potential issues with regulatory compliance.

This was an urgent requirement with compliance deadlines looming and substantial fines threatened.

Our solution

Rather than effecting a short-term fix to overcome these challenges, D4t4 proposed a transformational approach aimed at creating a lasting solution to overcome all of the challenges deemed to be restricting the analytical capability of the bank.

The solution that we delivered has redefined the way in which our client operates its risk analytics platform, significantly reducing cost, dramatically improving performance and enhancing the experience of analytics users. Our consolidation of their data platform has also been architected in such a way that it can scale very rapidly, allowing the bank to flex its hardware and software as requirements dictate.

The success of this project has resulted in D4t4 being invited to expand its relationship within the bank to assist with other mission critical data projects.

Data Analytics (Example)

Customer experience analytics and visualisation for a leading Japanese automotive manufacturer

Business challenge

With multiple touchpoints for customer interaction, our client needed to consolidate its disparate customer data sources to give them a complete picture of experience, engagement and satisfaction for both pre- and post-sales contact. A solution was required to mine text from five different central customer data sources, including social media, surveys and call centre, along with technical, network support and customer relations data from the dealer side of the business. It was also a requirement that the data be presented in a dashboard reporting format that made it accessible to business users across the organisation.

Our solution

D4t4 Solutions used analytics and integration skills to blend the data into a model that could be mined for customer insight, sentiment analysis and experience metrics. Our visualisation of this data enables non-technical users to drill down into the data to identify concerns emerging from customers and internal technical teams, highlighting these for action before they become serious issues. The solution is now being expanded with the addition of Celebrus data collection to provide even more granular data.

The solution has been implemented at the manufacturer's UK headquarters as well as across its 200+ strong dealer network. It has become a critical tool for measuring customer sentiment, enabling our client to introduce improvements that positively impact the customer experience.

Strategic report

Vision & strategy

Group vision

Our business vision is to earn high-margin, recurring revenues by creating the innovative data platform software and building the data platform solutions that financial services institutions and consumer focussed organisations need to power their artificial intelligence, advanced analytics, compliance, marketing and customer experience initiatives.

Group strategy

To deliver the vision our strategy is to focus our activity on two complementary areas that financial services and consumer organisations are investing in today and will continue to invest in for the foreseeable future:

1. Increasing revenues derived from our customer data platform, Celebrus, generates high margin sales in the short-term as well as building a longer-term recurring revenue stream and creating more platform opportunities.

2. Generating recurring income through developing, deploying and managing 'big data' platforms that combine the services, software and hardware needed to help our clients get strategic advantage from their data by deploying artificial intelligence and advanced analytics.

This strategy will be achieved by evolving our business based upon our core values of **innovation, trust, collaboration** and **security** and, by growing or enhancing the required core capabilities of data collection, data platforms, data management and data analytics.

Our tactics

To deliver on the strategy we have four tightly integrated service lines that we offer to our clients.

Our integrated core services

Data Capture

Collecting data from all consumer touchpoints, using our patented customer data platform software, to create behaviour profiles and then transferring data in real-time to personalisation, artificial intelligence and analytics systems.

Data Platforms

Rapidly solving the issue of under-performing multi-siloed, mixed technology data environments by consolidating them into simpler, fully managed platforms or cloud services. These solutions integrate hardware and software using our own proprietary tools.

Data Management

Flexible management services for data platforms including hosting, private cloud, public cloud and application management with an emphasis on secure, high-performance and mission critical systems.

Data Analytics

Providing insight and models using analytical data platforms to join dis-similar data sets into a single environment in which visualisation, statistical and artificial intelligence tools can be deployed to quickly and efficiently create business value.

Target markets

We have a depth of expertise and wide connections within the financial services sector, and to deliver on our strategy we currently concentrate on this sector above all others. This concentration facilitates the cross-sell of all four of our services to clients. We also have significant consumer sector expertise where we can leverage the knowledge, experience and tools we have developed.

We keep this portfolio of services under constant review, adjusting our offering to suit the needs of our clients and to ensure we deliver the company vision and strategy.

We are confident that building solid and successful relationships with clients in the data arena, deploying a mix of our own software and services, will lead to additional high-quality earnings that comprise greater levels of recurring revenue.

Business model

Our strengths

People
They 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 seeks to attract and retain the best talent in our marketplace in order to maintain and drive the business forward. The business is primarily organised as a single team, rather than divisions; as the business wins and delivers new contracts this format gives us the best flexibility to deploy skilled staff on to the right projects at the right time.

Intellectual property
To deliver the strategy the business invests in developing IP. Competitive advantage is maintained through continual investment in the core functionality of our software product, developing solution 'know-how', building tools to automate processes (such as software deployment, applying for additional legal protection for our IP) and the development of a network of partners who rely on the technology for their own business.

> **Innovative technology & intellectual property** | page 14

Partners
Our route to market is to sell our software and solutions in conjunction with other third-party organisations, including SAS Institute, Dell EMC, Teradata, Pegasystems, Microsoft and Adobe.

The solutions D4t4 deliver primarily contain components from SAS Institute, Microsoft and Dell EMC and our own software, Celebrus. We undertake joint sales and marketing activities with the organisations to generate the majority of our sales.

Security
Data security is vitally important to both our clients and us.

Regulations such as the European General Data Protection Regulation (GDPR) and the nature of the consumer data D4t4 handles means secure process and facilities that enable ISO27001 and PCI compliance are needed. Our software is regularly tested to ensure it is safe, private and secure.

Our core capabilities

Data Capture
Product planning and software development skills coupled with innovation capabilities and deep data collection domain knowledge.

Data Platforms
Architecture and deployment skills for high performance on premise or cloud solutions that combine hardware, software and services.

Data Management
Operational systems management skills coupled with strong security skills and in-depth technical knowledge across a broad range of technologies

Data Analytics
Analytics strategy and business consulting skills, coupled to data solutions, data wrangling, visualisation and advanced analysis capabilities.

Our values

The unique combination of these four elements, make D4t4 a distinctive business. They create competitive advantage by enabling the Company to offer complete enterprise scale data solutions for the largest financial services and consumer organisations.

For investors
Our strategy and business model are designed to create the opportunity to earn high margin recurring revenues, delivering dividend and capital growth.

For customers
D4t4 provides an end-to-end data service that is designed, from the ground up, to be a safe, secure and high quality, delivering exceptional value to our clients over many years.

For employees
D4t4 provides a stable and secure working environment in which staff can develop their own careers. As a global business we aim to help staff gain valuable international experience as well as broad exposure to all the latest data tools and technologies.

The Board is confident that the D4t4 model supports the business strategy of growing software and recurring revenues, however, as the business grows and evolves the growth plan is kept under review

Our innovative technology & intellectual property

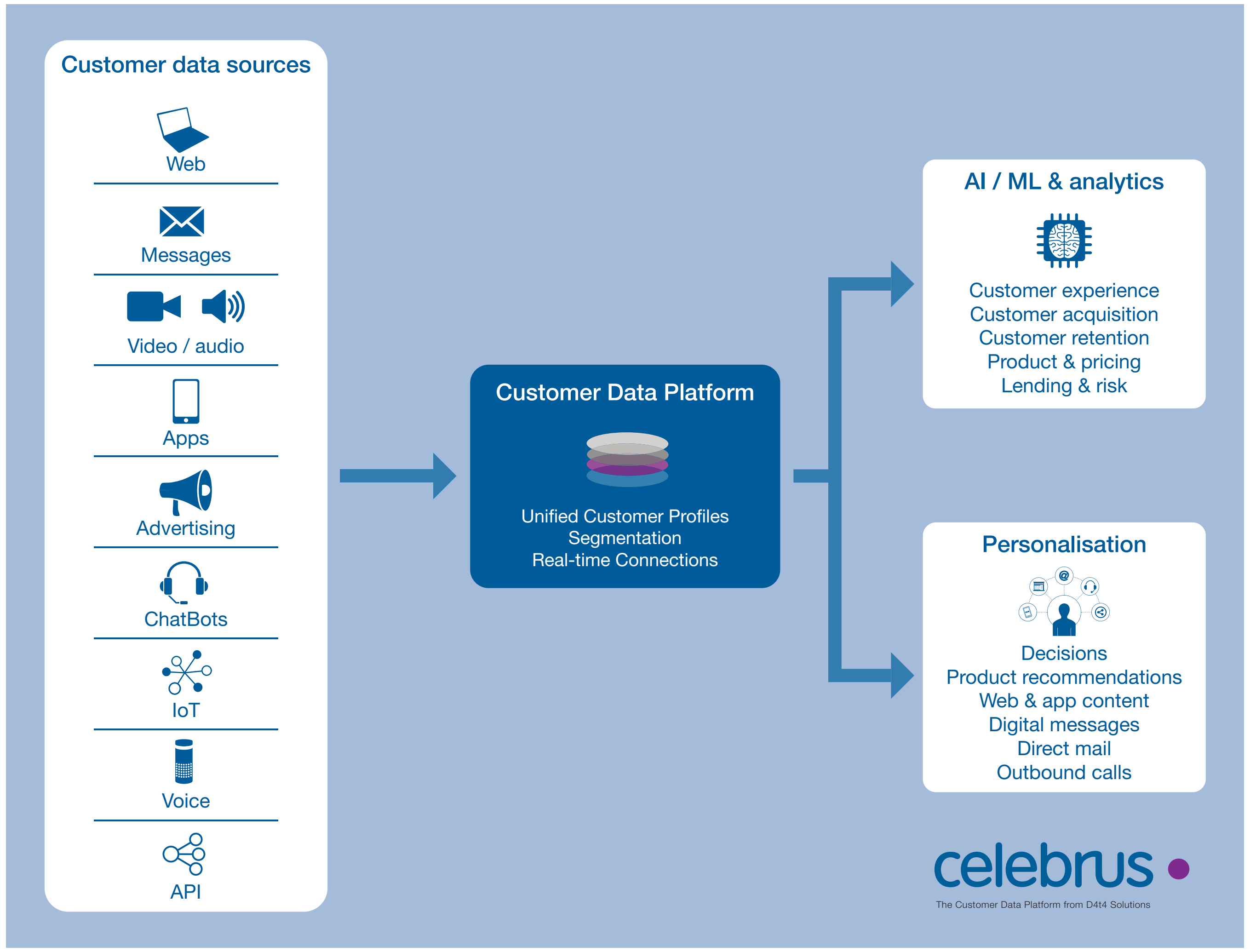
Data Capture

Celebrus is the '**customer data platform**' (CDP) software that the Group acquired in 2015.

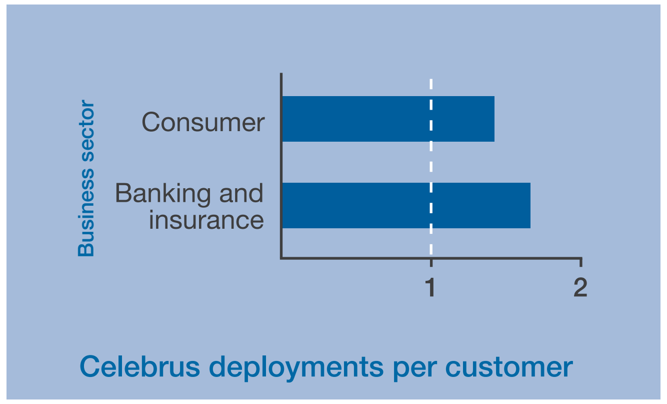
The underlying technology has been in continuous development since 1999 and is protected by a number of patents.

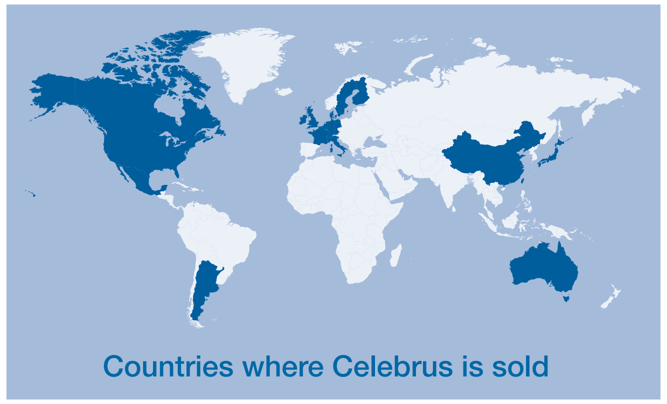
In 2018, CDP's became recognised as a category of software product, and the world's leading research and advisory company, Gartner, Inc (NYSE: IT), has started to cover the category. This bodes well for future demand of Celebrus software as more potential clients become aware of the product category.

The core functions of a CDP are to collect data from all the contact points consumers have with a business. This raw data is then processed to create unified profiles which aggregate data across channels and time to produce a complete view of how an individual is interacting with an organisation. This data is then made actionable by feeding it into artificial intelligence, machine learning and analytics systems as well as personalisation and marketing tools.



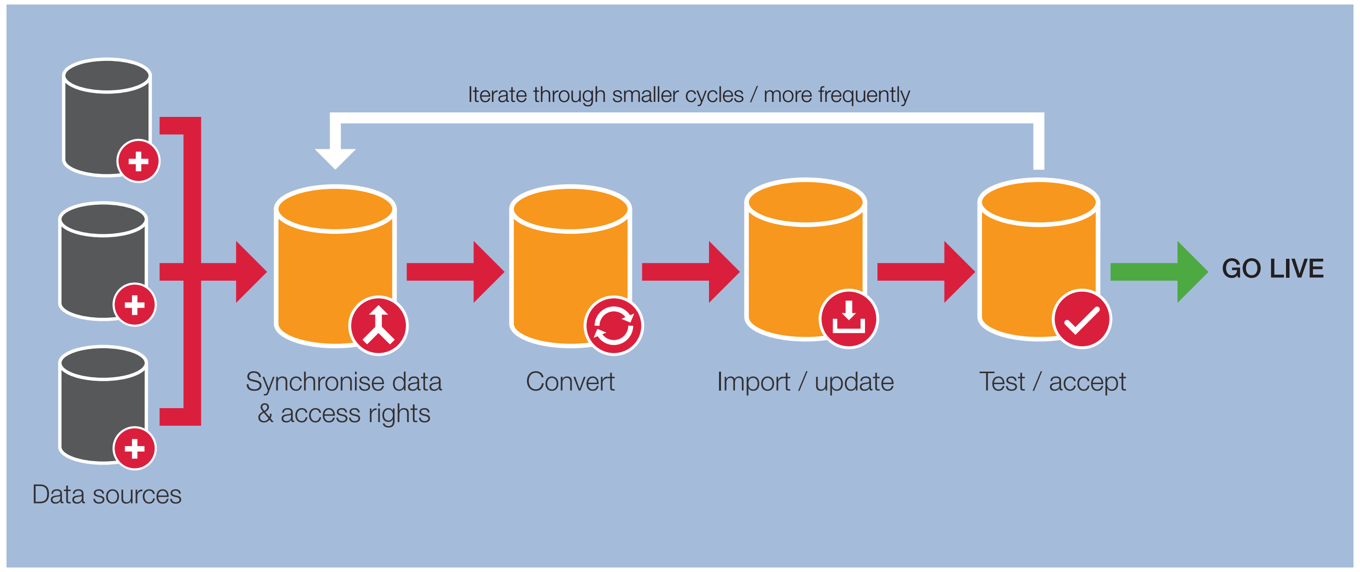
Celebrus is typically bought by clients for a single use case (e.g. personalised messages) using data from a limited number of sources. As clients adopt Celebrus fully they typically expand the number of data sources, the number of countries deployed in and the number of use cases. All these trends combine to grow additional revenue for D4t4 over time. The charts below illustrate the point by showing how the number of deployments (a deployment is by country or collection method) is growing faster than the number of clients and the geographic reach of the technology.





Data migration tools

In the course of delivering data management solutions and data platforms, D4t4 has developed a suite of tools to assist in the migration of data to newer platforms. These include tools for synchronising very large data quantities non-disruptively, taking across extended access control information, and converting data in the background between old and new formats.



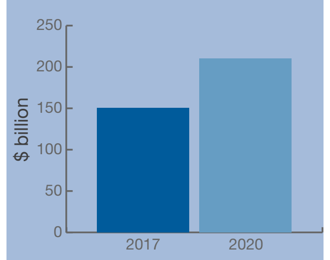
Using these tools, we speed client adoption of new technology and enable them to test in parallel and converge on a working delivery quickly, thereby, reducing the timescale and costs for new project implementation.

Strategic report

Data & analytics market

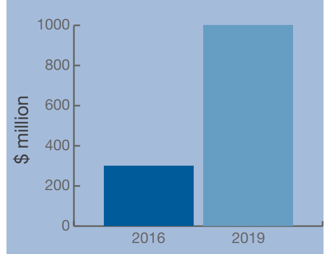
D4t4 Solutions operates within the fast-growing **data** and **analytics** market.

This market encompasses 'big data', artificial intelligence, machine learning and the business intelligence market; this market which has been estimated to be valued at US$150 billion (by the global independent analyst International Data Corporation (IDC), with a projected growth of 11.9% annually until 2020 when the market is anticipated to be worth US$210 billion.



'Big data', artificial intelligence, machine learning and the business intelligence market

source: Gartner inc



Customer Data Platform market

source: Customer Data Platform Institute

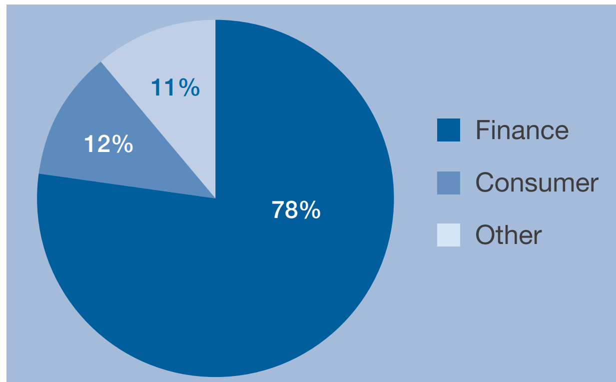
The specific areas of focus for D4t4 are data and analytics related to the collection of data on how consumers interact with digital channels, the management and analysis of that data and the implementation of cost effective platforms to assist companies get real value from their data assets.

Celebrus, our software product, is a customer data platform that is in a market, according to research by the Customer Data Platform Institute (CDPI), that is expected to grow from £300m in 2016 to £1bn in 2019.

Sector focus

D4t4 is focused on the finance and consumer sectors. This emphasis allows the business to build a deep understanding of the core sectors and more easily design, sell and deliver software and services.

The finance sector is very attractive because of the potential disruption from fintech vendors, its global nature, the number of clients undergoing transformation programmes and, the financial health of the sector.



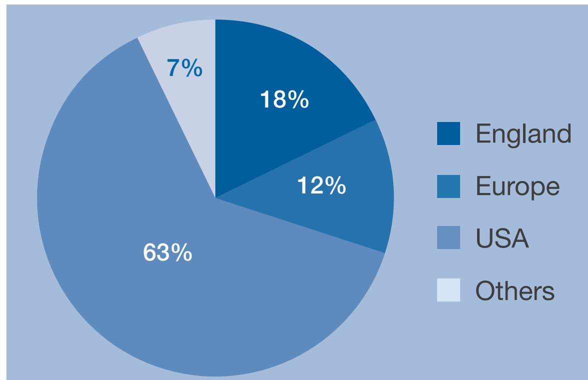
% sales by sector 2017-18

The consumer sector encompasses all those businesses that interact directly with large numbers of consumers, including e-commerce, travel, telecoms and automotive organisations. The large data volumes, increasing concerns about data security and data sharing make this a vibrant area on which the Company can focus.

Geographic focus

The market for data solutions is global and D4t4 has the working process, skills and people to serve clients wherever they may be.

The distribution of sales achieved to date reflects both this global demand and the working capability of the business model. This international capability is one that will be developed, enabling D4t4 to follow clients and to move to areas of greatest demand.



% geographical sales 2017-18

Regulatory Environment

The clients and the areas of the market D4t4 operates within are impacted by regulatory and accounting framework changes. Regulations such as Comprehensive Capital Analysis and Review and the Current Expected Credit Loss framework drive additional demand within the financial services sector.

Regulations like the recently introduced GDPR and the proposed European e-Privacy Regulation together with the California Consumer Privacy Act have an impact on software development and sales, though this can be positive or negative depending on the final shape they take.

Key trends

The market for data technologies and services is evolving very rapidly with many changes.

Trends such as the drive amongst businesses to derive competitive advantage from data, the move to cloud computing and the rise of open source analytical software are now well established and expected to endure.

There are four emerging trends in the market that D4t4 is currently monitoring closely:

- Artificial intelligence has advanced and is increasingly entering mainstream business use. This trend fuels the need for high-quality data and data platforms that aggregate disparate sources of data such as our software product Celebrus.
- Privacy has become of much greater concern to every organisation and many individuals. This may have implications on how organisations collect and use data going forward.
- The term "Customer data platform" has become a popular term to describe the functionality of our software product Celebrus; this term is now used by leading analysts, such as Gartner and consequently, this is expected to assist the acceleration of sales whilst at the same time also increase competition.
- Blockchain technologies have the potential to cause disruption to the established data management norms, creating both threats and opportunities for the Company.

D4t4 is aware of these key trends and takes them into account when devising strategy and tactics to deliver growth. The market trends are also a core part of the strategy and business model reviews which take place annually or as required.

Growth acceleration plan

Our business model, our chosen market, our innovative technology and our intellectual property are all harnessed to grow the business by following a three-pronged approach:

1

We will grow our client base, with particular emphasis on North America, by working with new and existing partners more closely to identify opportunities and generate sales.

New clients
- USA
- Europe
- Asia

2

We will work with our existing software clients to grow revenues by implementing additional data capture channels, extra data connectors, incremental regional deployments and selling additional licenses to cover data volume increases.

Software
- Data source
- Connectors
- Geography
- Volume

3

We will sell the full portfolio of services to each client to maximise the value of the relationship to both parties.

Cross-sell
- Platforms
- Capture
- Manage
- Analytics

Our aim is to 'land and expand'; selling in a single service element and then growing revenue by adding further regions or data collection points, and subsequently cross-selling more services as we build our relationships with clients. Likewise, this works well for our new business opportunities allowing us to target them with our full portfolio of data services and then look to extend our business reach over time.

In practice when you look at our top 50 enterprise scale clients in both the financial services and consumer sectors it is evident that our "land and expand" sales methodology works well.

The table overleaf gives a snapshot of both the progress made and the opportunity to expand with some of our existing top 50 enterprise account customers:

	Client	Headquartered	Revenue (regions)	Target (regions)
31 CORE FINANCE CLIENTS	A top 20 global bank	USA	2	4
	A top 10 global bank	UK	11	20
	A financial fraud bureau	UK	1	1
	A top 5 global insurance co.	France	2	12
	A top 10 global bank	USA	1	1
	A top 10 global bank	France	4	15
	+ 25 more FS organisations			
19 CONSUMER CLIENTS	An omni-channel retailer	UK	1	1
	A top 5 ecommerce	UK	2	2
	A global car manufacturer	Japan	1	10
	A loyalty scheme	UK	1	1
	+ 15 more consumer organisations			

Revenue (Regions) are the number of regions in which sales have been made, Target(Regions) are the number of regions in which sales are being sought.

Cross-selling services are another strong driver for the business. This table gives a snapshot of progress made to date in some of our top 50 enterprise accounts as well as the opportunity to drive more revenue from existing clients:

		SERVICE STATUS			
	Client	Capture	Management	Platforms	Analytics
31 CORE FINANCE CLIENTS	A top 20 global bank	◉	✓	◉	◉
	A top 10 global bank	✓	◉	◉	◉
	A financial fraud bureau	✗	✓	✓	◉
	A top 5 global insurance co.	✓	✓	◉	◉
	A top 10 global bank	✓	◉	◉	◉
	A top 10 global bank	✓	◉	◉	◉
	+ 25 more FS organisations	✓	◉	◉	◉
19 CONSUMER CLIENTS	An omni-channel retailer	✓	✓	✓	◉
	A top 5 ecommerce	✓	✓	◉	✗
	A global car manufacturer	✓	✓	✓	✓
	A loyalty scheme	◉	✓	✓	✓
	+ 15 more consumer organisations	✓	◉	◉	◉

KEY ✓ Sale made ◉ Sales pipeline or sales potential ✗ No current opportunity

The Board is confident that the business model, the innovative technology and the chosen markets support the business strategy of growing software and recurring revenues. As always, the growth plan is kept under constant review as the business grows and evolves.

Key performance indicators

In addition to the growth in the data capture total sales (including recurring revenue, licences and services); the Group's financial KPIs are revenue, gross profit margin, cash, profit before tax and adjusted earnings per share.

Group's financial key performance indicators

Revenue

+13.71%

2018	£20.09m
2017	£17.67m

The increase in revenue is driven by increases in both project and recurring revenues offset by a reduction in licence revenue due in part to increased demand for Celebrus term or recurring licences which had an impact on the perpetual licence sales.

Gross profit margin

+2.67%

2018	57.31%
2017	55.82%

Previous investment in our hybrid cloud analytic services business and economies of scale, particularly from our two large contract wins, have resulted in higher gross profit margins in our projects business and an overall increase in gross profits.

Adjusted profit before tax

+22.04%

2018	£5.15m
2017	£4.22m

The increase in gross profit has translated to an increase in adjusted profit before tax even taking into account our recent investment in sales and marketing in the North America region.

Adjusted diluted EPS

+10.43%

2018	11.01p
2017	9.97p

Although this has increased over 2017, the increase has been affected by a return to tax paying status following the full utilisation over the past few years of the tax losses acquired on the Speed-Trap (Celebrus) acquisition in 2015.

Data capture growth

-11.70%

2018	£4,335k
2017	£4,909k

Data capture saw increases in both its project and recurring revenues which were more than offset by the reduction in licence revenue due partly to the increased demand for term licences from perpetual licences. The active Celebrus user base grew by 16% which gives confidence for the future.

Net cash

-24.27%

2018	£3.85m
2017	£5.09m

As previously announced, a number of contracts were signed close to the year end, and although the revenue for a portion of this was recognised during 2018, the corresponding invoices remained in trade debtors at the year end. The debtor balance at the year end stood at £19.53m (2017: 3.66m).

Strategic report

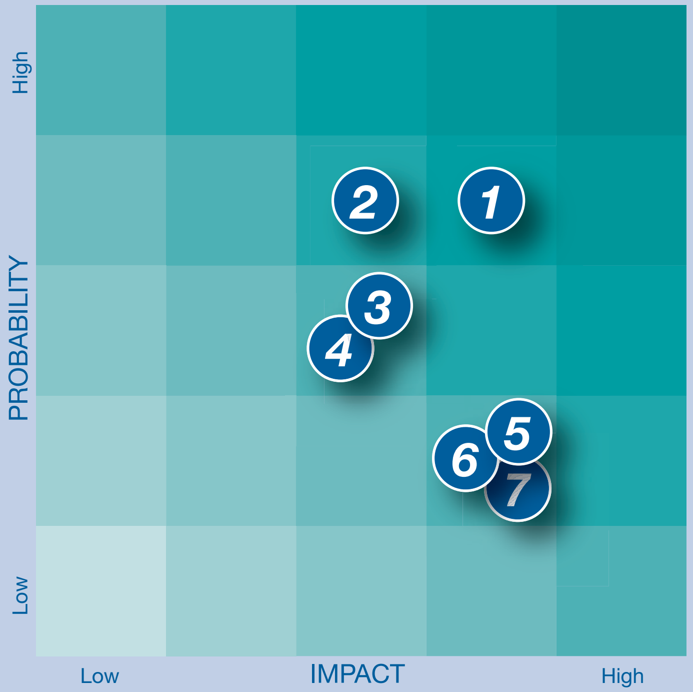
Principal risks and uncertainties

D4t4 Solutions faces all the normal economic, commercial and political risks facing any UK based business that trades internationally.

The major risks to the group that the Board focuses upon are shown below:

Risk heat map

1 Execution timing
2 People risks
3 Competition
4 Market and regulatory changes
5 Client or partner loss
6 Supplier loss
7 Data loss risk



1 Execution timing

At the centre of our strategy is the delivery of product and projects in line with our business plan. Failure to deliver these projects and products within the constraints of our fiscal periods would impact our overall objectives.

Change in risk

Increase in risk level

Increase in risk level due to the increasing scale and complexity of projects.

Mitigation

Our clients are typically engaged with us on multiyear programmes, so we invest significantly in sales, marketing and partner activities to ensure we can plan and predict the associated growth and revenue targets.

2 People risks

A loss or severe issue with key personnel could impact the ability of the group to execute on its strategy, causing reputational and operational challenges.

Change in risk

No change in risk level

Mitigation

Key individuals are identified, succession plans put in place and actions taken to spread the risk between more individuals.

3 Competition

New competitors or changes to existing competitors' products can significantly alter the market dynamics, which in turn risks the position and standing that our own Intellectual Property has in the banking, finance and consumer marketplace.

Change in risk

Increase in risk level

Increase in risk level due to the faster development of the CDP market and the development of more big data technologies.

Mitigation

The group 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, that cannot be easily disrupted, and which can be protected by patents.

4 Market and regulatory changes

The group is exposed to the risks of changing regulations for the collection of consumer data. Some of these changes may be positive, but others negative which can impact on D4t4's performance and outlook.

Change in risk

Increase in risk level

Increase in risk level due to the greater attention being given to personal data by governments globally.

Mitigation

D4t4 monitors the markets in which we operate by close collaboration with our clients, suppliers and partners. We then plan product, project or operational changes to ensure we are minimising the impact of changes. We follow proposed regulatory changes closely.

Strategic report

Principal risks & uncertainties (Continued)

5 Client or partner loss

The loss of a key client or significant sales partner would impact the ability of the group to meet its key business objectives.

Change in risk

No change in risk level

No change in risk level as our clients and partners continue to engage and plan with D4t4

Mitigation

The business has specific relationship management plans in place for both clients and partners. The status of the relationships is reviewed by management on a regular basis and actions out in place to reduce the risk of loss.

6 Supplier loss

The loss of a key supplier would impact the ability of the company to meet its key business objectives.

Change in risk

Reduction in risk level

Risk level reducing due to increased supplier engagement and the proven mutual relationship value

Mitigation

The business is conscious of the need to ensure its suppliers get benefit from the relationship and that both parties are aligned with its joint objectives, such that success is mutual, thereby underpinning the basis for a successful ongoing relationship.

7 Data loss risk

A significant IP, data loss, or security breach could impact the brand and reputation of D4t4 Solutions plc

Change in risk

No change in risk level

No change in risk level because there has been no significant change in the way D4t4 manages data

Mitigation

We are certified to ISO 27001 and operate an information security process that controls and minimises the risks. This process is externally assessed yearly.

Sustainability

D4t4 Solutions aims to work in a way that delivers socially responsible and environmentally sustainable business performance. We ensure observance of the law and conduct activities to the highest ethical standards, and we expect our customers and suppliers to embrace these same principles.

D4t4 Solutions is a Rated Supplier on the Chartered Institute of Procurement and Supply (CIPS) Sustainability Index, and the current rating is shown below.

	Economic	Environmental	Social
Overview	Score 83%	Score 53%	Score 73%
Doing well	- Corporate Governance - Financial Robustness - Business Integrity and Ethics	- None	- Employment Practice
Doing ok	- Innovation Capacity	- Environmental Management - Waste Management	- Corporate Citizenship - People Management and Development
Need to improve	- None	- Water Consumption and Discharges - Materials and Resource use	- Human Rights Compliance

The CIPS Sustainability Index is an independent assessment of an organisation's social, economic and environmental impacts to see where pressures are most likely to come and also to see where the organisation is providing un-priced, social, economic and environmental benefits for which they are not receiving credit.

These ratings are comparable to those of similar sized organisation and those in the sector. The environmental score is slightly lower than expected but given the very low quantities of water consumed and packaging used by the business this is not of great concern currently. The Human Rights requirements relate to supplier monitoring and slavery within our supply chain; however given the very high quality of our suppliers, their processes and the scale of D4t4 this is not an area of significant concern.

D4t4 values teamwork, taking personal responsibility, positive attitudes and working hard to deliver beneficial outcomes for all our customers, staff and shareholders alike. We encourage personal learning and development of our team members in order to create a more sustainable workforce.

Corporate governance

Board of Directors

Chairman's introduction to governance

The Board is committed to upholding high standards of corporate governance throughout the Group. As part of that, the Board acknowledges its role in setting the culture, values and ethics of the Group, and its collective responsibility for delivering long-term success to the Group. As Chairman, I have ultimate responsibility for corporate governance, and have prepared this governance statement accordingly.

The Board's aim is to operate as effectively as possible, and in March 2018 it formally selected the Quoted Companies Alliance (QCA) Corporate Governance Code (the QCA Code) as the appropriate recognised corporate governance code to be applied for this purpose. Board discussions are conducted openly and transparently, which creates an environment for sustainable and robust debate. In the year, the Board has constructively and proactively challenged management on Group strategies, proposals, operating performance and key decisions, as part of its ongoing work to assess and safeguard the position and prospects of the Group.

Key risks and uncertainties affecting the business are regularly assessed and updated. The Board challenges management to ensure appropriate risk mitigation measures are in place. The Board has completed a full, specific review of the Group's key risks and uncertainties (see page 22), in light of the new and emerging risks or uncertainties arising from the Group's strategic growth plans and the wider economic, political and market conditions. As part of a critical review of the group's procedures, a rolling risk review process has been developed which seeks to ensure that risks are constantly monitored, assessed and quantified, so that action may be prioritised by the board accordingly.

Whilst the current composition of the Board demonstrates a wide balance of skills our nominations committee has been working to further strengthen the balance of independent non executives on the board and to address diversity issues, in order to further progress towards achieving full compliance with the QCA Code.

Finally, the Board continues to engage with shareholders and welcomes ongoing dialogue throughout the year and as always, I welcome shareholder attendance and participation at the forthcoming Annual General Meeting.

A statement of the Directors' responsibilities in respect of the accounts is set out on page 46.

Peter Simmonds

Non-executive Chairman

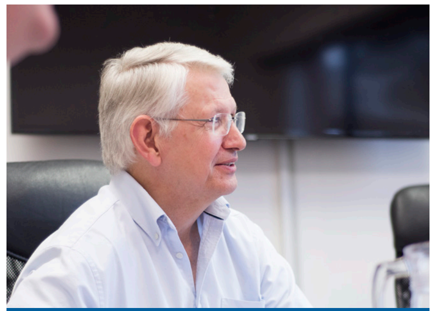
25 June 2018

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.

Matthew Tod
Chief Data Officer

Matthew brings a wealth of expertise in big data, analytics and software to the Board. 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 acquired by PwC in 2012 and he became a partner within PwC's Customer Consulting Group.



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 brings a wealth of knowledge and experience in the areas of Sales, Delivery, Operations and Finance 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.

Carmel Warren
Chief Financial Officer

Carmel was appointed to the Board in 2015 following the acquisition of Celebrus. Carmel qualified as a Chartered Accountant with Ernst & Young and has acquired substantial experience in strategic financial planning, as well as strong listed company experience. Carmel joined Celebrus as Chief Financial Officer in 2007 after having held senior positions at Ernst & Young, ExxonMobil and Brightside Group plc.

Peter Simmonds
Non-executive Chairman

Peter was appointed to the Board as Chairman in April 2015. He is chairman of the audit, nomination and remuneration committees. He 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. He is also Chairman of Cloudcall Group plc and is a board member of the Quoted Company Alliance.

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 and member of the remuneration committee. Prior to that he was Managing Director of Hawke Electronics, a computer systems distribution business. He has a wealth of experience in Sales, Operations and Finance and is a member of the audit and remuneration committees.

Roger McDowell
Non-executive Director

Widely experienced Chairman, Non-executive Director and board committee member. Roger is a member of the Audit, remuneration and nomination committees. Current directorships include ThinkSmart plc, Tribal Group plc, Augean plc, Hargreaves Services plc, Swallowfield plc, Proteome Sciences plc and Chair of Avingtrans plc.

Statement of corporate governance

This statement explains how D4t4 Solutions plc has applied the main and supporting principles of corporate governance and describes the Company's compliance with the provisions of the QCA Corporate Governance Code (2018) by the Quoted Companies Alliance.

Statement by the Directors on compliance with the QCA Corporate Governance Code

The Company has complied throughout the year with the principles (Principles) of the QCA Corporate Governance Code 2018 (Code) and their practical application, with the exception of the matters referred to in the table below. Certain disclosures concerning corporate governance issues are included elsewhere in this Annual Report, including matters pertaining to strategy (Principle 1) explaining our business on pages 8 to 9, with challenges in execution on pages 10 and 11, and it is discussed on page 22, Risk management (Principal 4) on pages 22 to 24 and page 32, and corporate culture (Principle 8) under Sustainability on page 25 and Our values on page 14.

It should be noted further in relation to Principle 6, the experience, skills and capability of the Board are discussed on pages 26 to 27. There were no significant matters arising during the year on which it was considered necessary for the board or any of its committees to seek external advice, although the board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

Exceptions

Principle	Exceptions and explanations
Principle 5. Maintain the board as a well-functioning, balanced team led by the chair. **Application:** The board should have an appropriate balance between executive and non-executive directors	During the year, the board consisted of 8 members, 5 executive and 3 non-executive. This breakdown would not meet the general expectation that at least half of a board should be independent non-executives, and therefore the board recognises that there is currently not an appropriate balance. As described in the nominations committee report, the board has been actively pursuing the recruitment of at least one further non-executive in order to redress the balance.
Application: The board should have at least two independent non-executive directors. Independence is a board judgement.	The board currently has three non executive directors: ▫ Mr P Simmonds is considered to be independent ▫ Mr J Lythall is not considered independent due to the fact that prior to 1st April 2016 he acted in the capacity of CEO. In addition, he currently holds share options which were issued at the time that he was CEO but which vest in the year ended 31 March 2019. Consequently, Mr Lythall will henceforth retire and offer himself for re-election on an annual basis, rather than on the basis of the general rotation of one-third of the board annually. ▫ Mr R McDowell has now served more than 9 years on the board since his first appointment. He is nevertheless currently still considered independent by the board, but is also now subject to the requirement to retire annually and offer himself for re-election by the shareholders. The Nomination committee report includes an update on the work being undertaken on the appointment of a new independent non-executive director.
Principle 7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board is in the process of implementing a formal process for the periodic review of overall board performance, which will be based on the chairman's review of (and his recommendations arising from) anonymous responses to a board effectiveness questionnaire currently being developed for this purpose. The first such review is expected to take place before the end of the calendar year 2018

Principle	Exceptions and explanations
Principle 6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities. **Application:** The board should contain the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the company's strategy over the medium to long term.	The male to female ratio on the board is presently 7:1 and there are currently no female non-executive directors. This reflects however a strong gender bias in the technology industry as a whole, and the board remains confident both that the opportunities in the Company are not excluded or limited by any diversity issues (including gender) and that the board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy.

The Board and its committees

Board composition

The Board is currently comprised of the Non-Executive Chairman, five Executive Directors and two Non-Executive Directors.

The roles of Chairman and Chief Executive are distinct, set out in writing and agreed by the Board. The Chairman is responsible for the effectiveness of the Board and ensuring communication with shareholders, and the Chief Executive is accountable for the management of the Group.

Non-Executive Directors constructively challenge and assist in the development of strategy. They scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Board has not appointed a Senior Independent Non-Executive Director, but currently this role is performed by the Chairman.

The Company Secretary is Mr J Thorne, a Solicitor of 25 years' standing, who was appointed to the role on 27 July 2017. Mr J Thorne is not a Director of the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 46 and a statement on going concern is given on page 41.

The Board normally meets once a month and has a formal schedule of matters specifically reserved to it for decision. These include strategic planning, business acquisitions and disposals, authorisation of major capital expenditure and material unusual contractual arrangements, setting policies for the conduct of business and approval of budgets and financial statements. Other matters are delegated to the Executive Directors, supported by policies for reporting to the Board. Presentations are made to the main Board at each monthly Board meeting by the Executive Directors and also on regular occasions by operational management.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with and for advising the Board, through the Chairman, on corporate governance matters. The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors and the Company Secretary, but no cover exists in the event that the Director is found to have acted fraudulently or dishonestly.

Corporate governance

Statement of corporate governance (Continued)

The Non-Executive Chairman and the Non-Executive Directors are able to meet without Executives present prior to each Board meeting. The agenda and relevant briefing papers for each Board meeting are distributed in advance of each Board meeting.

Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, these concerns are recorded in Board minutes. On resignation, a Non-Executive Director is required to provide a written statement to the Chairman for circulation to the Board if there are any such concerns.

The Board has formed certain committees, namely an audit committee, a remuneration committee and a nomination committee, to deal with the specific aspects of the Group's affairs. Each of the committees is governed by terms of reference available on request from the company secretary. Details of the committees' constituent members and the roles, responsibilities and activities of each of the committees are described in more detail in the individual committee reports commencing page 33.

Meetings and attendance

The following table summarises the number of Board, audit committee, remuneration committee and nomination committee meetings held during the year and the attendance record of individual Directors at those meetings:

	Board	Audit	Remuneration	Nomination
MG Boxall	11/12	-	-	-
JL Dodkins	12/12	-	-	-
PJ Kear	12/12	-	-	2/2
J Lythall	12/12	1/2	-	-
RS McDowell	11/12	2/2	2/2	2/2
PA Simmonds	12/12	2/2	2/2	2/2
M Tod	11/12	-	-	-
CE Warren	11/12	-	-	-

Induction, training and performance evaluation

Induction and training

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

The Chairman ensures that Directors update the skills and knowledge required to fulfil their roles on the Board and committees. Ongoing training is provided as necessary and includes updates from the Company Secretary on changes to the AIM Rules, requirements under the Companies Act and other regulatory matters. Directors may consult with the Company Secretary at any time on matters related to their role on the Board.

Evaluation of the Board's performance

Board Review

The Board annually informally 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.

Retirement and re-election

All Directors are subject to election by shareholders at the first AGM immediately following their appointment and thereafter are subject to re-election at intervals of no more than three years. All Non-Executive Directors are appointed for fixed terms in line with corporate governance requirements.

Relations with shareholders

Dialogue with institutional shareholders

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives.

Members of the Board meet with major shareholders on a regular basis, including presentations after the Company's announcement of the year-end results and at the half year.

The Board is kept informed of the views of shareholders at each Board meeting through a report from the Chief Executive together with formal feedback on shareholders' views gathered and supplied by the Company's advisers. The views of private and smaller shareholders, typically arising from the AGM or from direct contact with the Company, are also communicated to the Board on a regular basis.

Mr Peter Simmonds is available to shareholders if they have concerns where contact through the normal channel of Chief Executive has failed to resolve or for which such contact is inappropriate.

Constructive use of the AGM

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. Seven members of the Board attended the Company's last AGM, and the Chairman aims to ensure that all members of the Board will be available at the forthcoming AGM.

Details of resolutions to be proposed at the AGM can be found in the Notice of the Meeting. A separate resolution is proposed for each substantially separate issue including a separate resolution relating to the Annual Financial Report 2018.

Accountability and audit

Financial reporting

The Board is responsible for presenting a balanced and understandable assessment of the Company's position and prospects, extending to Interim Reports and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements. A statement of the Directors' responsibilities is set out on page 46.

Management and specialists within the Group's finance department are responsible for ensuring the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the consolidation and financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reported. All financial information published by the Group is subject to the approval of the audit 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.

Going concern
The Directors are required to report that the business is a going concern, with supporting assumptions and qualifications as necessary. The Directors have concluded that the business is a going concern as further explained in the Directors' Report on page 41.

Control environment
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 2017 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.

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

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. The monthly board pack includes a review of the risk register.

On behalf of the Board

Peter Simmonds
Chairman
25 June 2018

Corporate governance
Audit committee report

Audit committee membership
- Peter Simmonds (committee chairman)
- Roger McDowell

Dear Shareholder
I am pleased to present the report of the audit committee for the year ended 31 March 2018.

The Audit Committee comprises two non-executive Directors of the Company, Peter Simmonds and Roger McDowell. In line with corporate governance best practice, John Lythall resigned during the year due to being considered non independent. 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.

The two main issues that the audit committee are concerned with are in relation to revenue recognition and the carrying value of goodwill. The committee review the group's revenue recognition policies to ensure that they are compliant and are mindful of the impact of IFRS 15 on them. They also review revenue streams in relation to various customers to ensure that the carrying value of goodwill remains supported

The Audit committee acts as a committee focused on risk and reviews the risk register and considers the impact on the company results.

Auditor Independence
To ensure Audit independence, consideration is given to their integrity and the objective approach of the audit process. The use of non-Audit services is not significant and amounts paid in respect of these are disclosed in note 6.

I am satisfied that the committee has satisfactorily discharged its duties in the year in accordance with its terms of reference.

The terms of reference are reviewed annually.

Peter Simmonds
Chair of the audit committee
25 June 2018

Nomination committee report

Nomination committee membership

- Peter Simmonds (committee chairman)
- Roger McDowell
- Peter Kear (CEO)

Dear Shareholder

I am pleased to present the report of the nomination committee for the year ended 31 March 2018.

The Nominations Committee consists of me as chairman plus one Independent Non-Executive Director, and the CEO. In the performance of its duties, the committee held one meeting in the year.

The principal activity of the nomination committee in the year was leading the recruitment process and ultimately recommending the appointment of a new non-executive director, which will be reported in the next few weeks.

The process included a merit-based assessment based on objective criteria having regard to the Group's current and future requirements.

The Board's policy is to ensure that all appointments are merit-based and based on clear and objective criteria, giving due regard to equality of opportunity, and to promote inclusion and diversity. The Board notes that achieving diversity in the technology sector is challenging, having regard to the available pool of individuals with the right skills, experience and talent. Given the size of the Board and the Group, the committee does not currently set any measurable objectives for implementing a diversity policy but it acknowledges the role of the Board in promoting diversity, including gender diversity, throughout the Group. Currently there is one female member of the Board, representing 12.5% of Board membership.

In relation to succession planning, the nomination committee keeps under review, and takes appropriate action to ensure, orderly succession for appointments to the Board and to senior management, thereby maintaining an appropriate balance of skills and experience within the Group and on the Board. With regards to Non-Executive Directors, the committee considers, amongst other factors, their other significant outside commitments prior to making recommendations. This is designed to ensure that they have sufficient time to meet what is expected of them, and keeps any changes to these commitments under review.

I am satisfied that the committee has satisfactorily discharged its duties in the year in accordance with its terms of reference.

The terms of reference are reviewed annually.

Peter Simmonds
Chair of the nomination committee
25 June 2018

Remuneration committee

Remuneration committee membership

- Peter Simmonds (committee chairman)
- Roger McDowell
- John Lythall

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2018.

The committee consists of three non-executive Directors, Peter Simmonds, Roger McDowell and John Lythall, and is chaired by myself. The Committee's terms of reference 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 any part in any discussion about his or her own remuneration.

For 2017/2018, the committee has continued to operate a simple remuneration structure made up of basic salary, performance-related bonuses, share options, benefits and pensions. As previously, a significant proportion of executive remuneration is based on performance, designed to align executive pay with shareholder interests. In this respect, the committee has assessed the performance of Executive Directors for the year reported, set performance targets for the following financial period and made recommendations to the Board on the overall package for Executive Directors.

I am satisfied that the committee has appropriately discharged its duties in the year in accordance with its responsibilities and encourage you to read the Directors remuneration report on the following pages.

Peter Simmonds
Chair of the remuneration committee
25 June 2018

Corporate governance

Directors' remuneration report

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the QCA Corporate Governance Code 2018 and the AIM Rules.

The report is in two sections:

- The directors' remuneration policy which sets out the Company's current policy on remuneration for Executive and Non-Executive Directors; and
- The directors' remuneration report. This section sets out details of how the remuneration policy was implemented for the year ended 31 March 2018.

Directors' 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.

The company's policy is that a substantial proportion of the potential remuneration of the executive directors should be performance related. The performance criteria set should motivate the executive directors to create value for the shareholders.

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

Element of remuneration	Link to Group strategy	Operation	Framework
Base salary	Ensures that the company can recruit and retain high-quality executives to deliver on the company strategy in the interest of the shareholders.	Base salary is paid monthly and reviewed annually, with any increases applying from 1 April.	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.
Benefits	Ensures that the company can recruit and retain high-quality executives to deliver on the company strategy in the interest of the shareholders.	Benefits principally comprise private healthcare and death in service insurance. In addition, two executive directors receive company cars.	In relation to health care and death in service benefits, premiums are paid by the Company to an external broker to arrange cover, in line with other Group employees. These benefits are standard for all Group employees. The company offers company cars / car allowances to a number of employees across the organisation.
Annual bonus	Rewards and incentivises the executive directors for achievement of strategic objectives.	The committee sets annual performance targets, linked to strategic objectives and risk management. Bonus payments in respect of a year are made in June, or later if any element is deferred.	The remuneration Committee sets bonus plans for executive directors based upon achieving a number of pre defined growth targets including revenue and EPS.
Share option plan	Aligns the interests of the executive directors with the interest of the long term shareholders as the options only deliver value if the share price rises.	The committee has discretion to make option grants to Executive Directors and other staff, subject to the scheme rules, and to determine appropriate performance conditions.	The share option plans are subject to rules and limits approved by shareholders in general meeting. Options are granted at an exercise price based on the mid-market price of ordinary shares on the day prior to the date of grant. All options are subject to a minimum three-year vesting period, and any exercise is subject to satisfaction of the specified performance conditions defined.
Pension	Ensures that the company can recruit and retain high-quality executives to deliver on the company strategy in the interest of the shareholders.	Pension contributions are made by the Company to a defined contribution scheme operated by third party providers.	Executive directors are members of the Company Money Purchase pension scheme. 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 2018 (2017:5).
Chairman and Non-Executive Director fees	Ensures that the company can recruit and retain a high-quality Chairman and Non-Executive directors to deliver on the company strategy in the interest of the shareholders.	Fees for Non-Executive Directors are set by the Board (excluding Non-Executive Directors). Fees are paid monthly / quarterly.	A basic fee is set for normal duties, commensurate with fees paid for similar roles in other similar companies, taking account of the time commitment, responsibilities, and committee position(s). Supplementary fees are paid for any additional duties at fixed day rates. Non-Executive Directors are not eligible for pensions, incentives, bonus or any similar payments other than normal out-of-pocket expenses incurred on behalf of the business. Compensation for loss of office is not payable to Non-Executive Directors.

Remuneration policy considerations

Recruitment

The Company's nomination committee is responsible for leading the process for Board appointments and making recommendations to the Board. Refer to the report of the nomination committee for details.

Loss of office payments

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.

Wider staff employment conditions

The remuneration committee considers pay and employment conditions for other Senior Executives and staff members of the Group when designing and setting executive remuneration. Underpinning all pay is an intention to be fair to all staff of the Group, taking into account the individual's seniority and local market practices.

Consultation with shareholders

The remuneration committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements. The committee takes into account the views of significant shareholders when formulating and implementing the policy.

Corporate governance

Directors’ remuneration report (Continued)

Consultation with employees

The Board and the remuneration committee did not consult with employees when formulating and implementing the policy.

Service contracts and letters of appointment

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. The fees of the non-executive Directors are determined and confirmed by the full board excluding (in each case) the non- executive Director concerned.

Policy on Director shareholdings

The Company has no policy on Director shareholdings.

Outside Appointments

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.

Aggregate Directors’ remuneration

The directors are considered key management personnel and the following tables set out the single figure for total remuneration for the financial years ended 31 March 2018 and 2017:

	2018 £000	2017 £000
Emoluments (Fees / basic salary, benefits and annual bonus)	1,223	864
Money purchase pension contributions	37	31
	1,260	895
IFRS2 share-based payment charges	66	51
	1,326	946
Employer’s National Insurance	162	100
Total	1,488	1,046

No directors (2017: 3) exercised options during the year with gains on exercise of share options during the year totalling £Nil (2017: £320k).

There are no other long term incentive schemes.

Single figure for the total remuneration (audited)

31 March 2018	Fees/basic salary £000	Benefits £000	Bonus £000	Sub total £000	Pension £000	**Total 2018 £000**	Total 2017 £000
Executives							
PJ Kear	157	23	139	319	9	**328**	206
JL Dodkins	127	12	82	221	8	**229**	171
CE Warren	109	2	55	166	6	**172**	142
MG Boxall (appointed 26/9/2016)	120	2	110	232	7	**239**	159
ML Tod (appointed 21/12/2016)	120	2	80	202	7	**209**	76
Non-Executives							
PA Simmonds	35	-	-	35	-	**35**	30
J Lythall	28	5	-	33	-	**33**	86
RS McDowell	15	-	-	15	-	**15**	15
PD English (retired 20/7/2016)	-	-	-	-	-	-	5
MLS Tinling (retired 20/7/2016)	-	-	-	-	-	-	5
Total	711	46	466	1,223	37	1,260	895

The remuneration package of each Executive Director includes non-cash benefits including the provision of private healthcare and death in service insurance.

Pension costs represent contributions made by the Company for 5 directors (2017: 5) to money purchase pension schemes. No directors (2017: 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 in both years includes fees for consulting services to the company.

No payments were made for loss of office (2017: Nil).

Remuneration of highest paid director

	Highest paid director 2018	2017
Remuneration	319	198
Company contributions to money purchase pension schemes	9	8
	328	206

Emoluments for the highest paid director for the year ended 31 March 2018 and 31 March 2017 are included in the table above. No share options were exercised in 2018 (2017: nil)

Corporate governance

Directors' remuneration report (Continued)

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, but do include the relevant IFRS 2 share-based payment charges in the profit and loss account associated with options issued to them.

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

	Number at 31 March 2017	Number at 31 March 2018	Option price	Expiry date	Exercisable from
PJ Kear	35,000	35,000	18.5p	04/01/2020	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
CE Warren	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
J Lythall	400,000	400,000	51.0p	31/07/2025	31/07/2018
RS McDowell*	-	-	-	-	-
PA Simmonds*	-	-	-	-	-

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

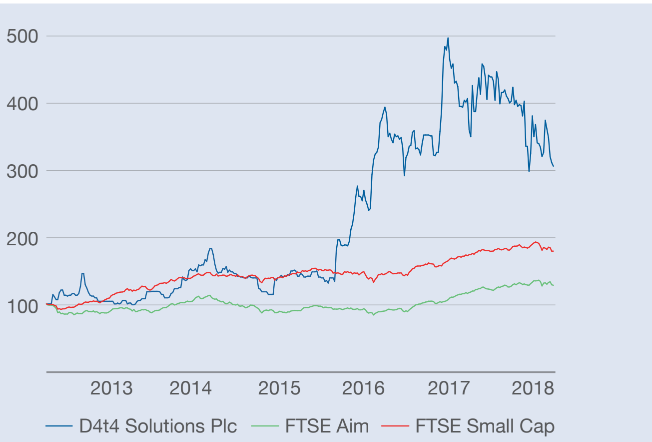
The market price of the shares at 31 March 2018 was 118.5p (139.5p at 31 March 2017) and the range in the period under review was 113.0p to 188.0p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year. As the share options have been issued on different dates, they have different performance criteria attached, however these performance criteria are in line with increasing company Earnings per Share.

Directors shareholdings and dividends paid to directors are disclosed in the Directors' report on page 42.

Performance graphs

Company share price



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

Peter Simmonds
Chair of the remuneration committee
25 June 2018

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2018, which should be read in conjunction with the Strategic Report on pages 2 to 25. The Corporate Governance Statement set out on pages 26 to 46 forms part of this report.

Incorporation

D4t4 Solutions plc is a company incorporated in the United Kingdom under the Companies Act 1985. In accordance with S414C (11) of the Companies Act 2006; included in the Strategic report is the disclosure of future developments and results of the year. This information would have otherwise been required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report.

Dividends

The Directors recommend a final dividend of 1.875p (2017: 1.7p) per ordinary share to be paid on 14 September 2018 to ordinary shareholders on the register on 10 August 2018.

Future outlook

The Groups future outlook and opportunities are referred to in the Chief Executive Officer report on page 4.

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 own 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 27.

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 28.

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 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. 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.

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 2018 the Company had 65 days (2017: 65 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
ML Tod
PA Simmonds
J Lythall
RS McDowell

At the AGM, Peter Simmonds, John Lythall and Roger McDowell 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 2018	Interest at 31 March 2017
PJ Kear	Ordinary 2p	1,340,752	1,340,752
JL Dodkins	Ordinary 2p	490,266	490,266
CE Warren	Ordinary 2p	129,275	129,275
MG Boxall (appointed 26 Sept 2016)	Ordinary 2p	10,000	10,000
ML Tod (appointed 21 Dec 2016)	Ordinary 2p	10,000	nil
PA Simmonds	Ordinary 2p	301,500	251,500
J Lythall	Ordinary 2p	1,913,960	1,848,960
RS McDowell	Ordinary 2p	1,550,000	1,350,000

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 40.

During 2015 the directors made loans to the company to facilitate the acquisition of Speed-Trap Holdings Ltd. All loans have been repaid, the final one during the year ended 31 March 2018. There are no outstanding loans at the balance sheet date (2017: £119,360).

Substantial Holdings

As far as the Directors are aware, as at 21 June 2018, the only holdings of 3% or more of the Company's issued share capital are the following:

	Number of ordinary shares	%
Canaccord Genuity Wealth Management	5,522,000	14.43
River & Mercantile Asset Management	2,564,700	6.70
J Lythall Esq	1,913,960	5.00
Beaufort Nominees Limited	1,731,572	4.53
Herald Investment Management	1,700,400	4.44
HALB Nominees Limited (including 1,550,000 held by RS McDowell Esq)	1,575,500	4.12
Securities Services Nominees Limited	1,500,000	3.92
P Kear Esq	1,340,752	3.50
M Ward Esq	1,283,532	3.35
State Street Nominees Limited	1,179,427	3.08

Acquisition of the company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolution of 20 July 2017, to purchase through the market up to 3,795,092 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 23 August 2018. 244,416 shares were purchased in the year ending 31 March 2018.

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 maximum number of own shares held in the year was 247,815 (2017: 125,063), which represents 0.65% (2017: 0.33%) of the issued share capital.

The following purchases and sales of own shares (shares held in treasury) have been made in order to satisfy share options requirements:

	Number of own shares	Share price at point of transaction in pence	% share capital	Consideration paid £
Balance of own shares at 1 April 2016	**14,613**	**155.00**	**0.04%**	
27 June 2016	85,450	116.59	0.23%	99,622
9 September 2016	25,000	123.50	0.07%	30,875
15 September 2016	(73,258)	137.00	0.20%	
23 September 2016	20,000	136.87	0.05%	27,374
26 September 2016	(70,000)	136.50	0.19%	
7 December 2016	(1,000)	180.00	0.00%	
17 January 2017	10,000	172.00	0.03%	17,200
22 March 2017	(7,406)	156.70	0.02%	
Balance of own shares at 31 March 2017	**3,399**		**0.01%**	
Total consideration paid in year ending 31 March 2017				**175,071**
6 December 2017	79,155	129.99	0.21%	102,894
18 December 2017	20,000	116.00	0,05%	23,200
1 February 2018	50,000	126.68	0.13%	63,341
9 February 2018	10,000	114.17	0.03%	11,417
26 March 2018	85,261	119.68	0.22%	102,042
Balance of own shares at 31 March 2018	247,815		0.65%	
Total consideration paid in year ending 31 March 2018				302,893

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 group operates share option schemes which are used to retain and reward its employees. The options are issued based on criteria that support the overall group objectives and the criteria is reviewed on a regular basis. The two current Schemes are the D4t4 Solutions Employee Share Options 'A' Scheme and the D4t4 Solutions EMI Share Options Scheme. Details of the share options are laid out on page 76 within note 27 to the accounts.

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 78 within note 29 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 (2017: £nil).

Insurance

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

Peter Kear
Chief Executive Officer
25 June 2018

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 required 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.

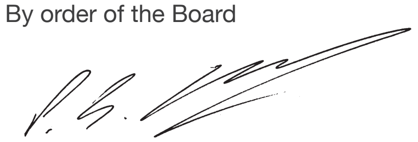
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements 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
25 June 2018

Independent auditors report to the members of D4t4 Solutions plc

Opinion

We have audited the financial statements of D4t4 Solutions plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated cash flow statement, company statement of changes in equity, company statement of financial position, company cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. 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 to 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 the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Risk

The group has several different revenue streams, under licence sales, project work and recurring revenue segments. See notes 2, 4 and 5 for further details.

The project work segment includes revenue of one or more elements of hardware, software, installation services and timesheet-based project work, all of which can be considered individually significant. We consider there to be a significant risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period (cut-off) and have therefore determined this to be a key audit matter.

Our response

In order to address the risk of misstatement related to cut-off in revenue recognition, we tested balances recognised in the group's statement of financial position and tested individual transactions occurring either immediately before or after the year end.

Our tests of detail focused on transactions occurring within proximity of the year end across these segments, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

We also performed tests of details on accrued revenue, deferred revenue and accounts receivables balances recognised at 31 March 2018.

Goodwill

Risk

The Group carries goodwill amounting to £8.7m. As set out in note 14 of the financial statements, the recoverability of the goodwill arising on past acquisitions is dependent on the underlying businesses generating sufficient cash flows in the future. Due to the significant management judgement in forecasting the cash flows and selecting an appropriate discount rate there is a high level of estimation uncertainty which results in there being a significant risk associated with determining whether goodwill is impaired and have therefore determined this to be a key audit matter.

Our response

Our audit procedures included auditing the discounted cash flow model, testing and challenging the judgements and assumptions used by management in their assessment of whether goodwill had been impaired and assessing management's sensitivity analysis on the cash flow model.

We have used our knowledge of comparable companies and market data to challenge the assumptions and inputs in determining the discount rate used to calculate the present value of projected future cash flows. We have also challenged the valuation model and the basis of managements impairment considerations.

We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of profitability and related cash flows to the actual amounts realised. We assessed management's sensitivity analysis of key assumptions, including the revenue growth forecasts and the discount rate and considered whether the disclosures about the sensitivity of the outcome of the impairment assessment to reasonably possible changes in key assumptions were adequate and properly reflected the risks inherent in the assessment of the carrying value of goodwill.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £474,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its control environment and assessing the risks of material misstatement. The financial statements were audited on a consolidated basis using Group materiality. The scope of our audit covered 100% of both consolidated profit before tax and consolidated net assets.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 46 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

David Clark
Senior Statutory Auditor
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street, London, EC4A 4AB
25 June 2018

Consolidated income statement for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	4	20,092	17,670
Cost of sales		(8,577)	(7,806)
Gross profit		11,515	9,864
Administration expenses	30	(7,151)	(5,631)
Other operating income	8	67	55
Profit from operations		4,431	4,288
Finance income	9	1	1
Finance costs	9	(31)	(46)
Profit before tax		4,401	4,243
Tax	10	(628)	(340)
Attributable to owners of the parent		3,773	3,903
Earnings per share from continuing operations	13		
Statutory			
Basic		9.90p	10.49p
Diluted		9.49p	10.02p
Adjusted			
Basic		11.49p	10.44p
Diluted		11.01p	9.97p

Consolidated statement of comprehensive income for the year ended 31 March 2018

	2018 £'000	2017 £'000
Attributable to owners of the parent	3,773	3,903
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Gains on property revaluation	706	47
Income tax on items that will not be reclassified to profit or loss	-	-
Total comprehensive income for the year attributable to equity holders of the parent	4,479	3,950

Consolidated statement of changes in equity attributable to Owners of the Parent for the year ended 31 March 2018

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2016		732	1,893	5,225	276	(23)	940	5,602	14,645
Dividends paid	12	1	-	20	-	-	6	(780)	(753)
Purchase of own shares	23	-	-	-	-	(175)	-	-	(175)
Issue of new shares - exercise of share options	30	10	30	175	-	-	(53)	-	162
Settlement of share based payments	30	-	-	-	-	192	(68)	(298)	(174)
Issue of shares from equity reserve	30	16	-	384	-	-	(400)	-	-
Share-based payment charge	27	-	-	-	-	-	-	86	86
Transactions with owners		27	30	579	-	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		-	-	-	-	-	(138)	(39)	(177)
Balance at 1 April 2017		759	1,923	5,804	323	(6)	242	8,504	17,549
Dividends paid	12	-	-	-	-	-	-	(884)	(884)
Purchase of own shares	23	-	-	-	-	(302)	-	-	(302)
Issue of new shares - exercise of share options	22	6	49	113	-	-	(51)	-	117
Settlement of share based payments		-	-	-	-	-	-	(20)	(20)
Share-based payment charge	27	-	-	-	-	-	-	100	100
Transactions with owners		6	49	113	-	(302)	(51)	(804)	(989)
Profit for the year		-	-	-	-	-	-	3,773	3,773
Other comprehensive income		-	-	-	706	-	-	-	706
Total comprehensive income		-	-	-	706	-	-	3,773	4,479
Deferred tax on outstanding share options	11	-	-	-	-	-	(58)	4	(54)
Balance at 31 March 2018		765	1,972	5,917	1,029	(308)	133	11,477	20,985

Consolidated statement of financial position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,261	1,507
Property, plant and equipment	16	3,892	2,595
Deferred tax assets	11	389	230
		14,238	13,028
Current assets			
Trade and other receivables	18	20,544	4,269
Inventories	19	-	341
Cash and cash equivalents		4,634	6,290
		25,178	10,900
Total assets		39,416	23,928
Current liabilities			
Trade and other payables	20	(16,910)	(4,922)
Tax liabilities		(495)	-
Borrowings	21	(695)	(421)
		(18,100)	(5,343)
Non-current liabilities			
Borrowings	21	(85)	(780)
Deferred tax liabilities	11	(246)	(256)
		(331)	(1,036)
Total liabilities		(18,431)	(6,379)
Net assets		20,985	17,549
Equity			
Share capital	22	765	759
Share premium account	22, 30	1,972	1,923
Merger reserve	24, 30	5,917	5,804
Revaluation reserve	25	1,029	323
Treasury shares reserve	23	(308)	(6)
Equity reserve	26	133	242
Retained earnings		11,477	8,504
Attributable to the equity holders of the company		20,985	17,549

These financial statements were approved by the Board of Directors and authorised for issue on 25 June 2018 and were signed on its behalf by:

Peter Kear
Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Consolidated cash flow statement for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Operating activities			
Profit before tax	30	4,401	4,243
Adjustments for:			
Depreciation of property, plant and equipment		251	221
Amortisation of intangible assets		246	247
Finance income		(1)	(1)
Finance expense		31	46
Share-based payments		100	86
Settlement of share based payments	30	(20)	(172)
Gain on sale of property, plant and equipment		-	(1)
Operating cash flows before movements in working capital		5,008	4,669
Exchange loss / (gain) on cash and cash equivalents		116	(305)
Increase in receivables		(16,275)	(1,512)
Decrease / (Increase) in inventories		341	(341)
Increase / (Decrease) in payables		12,034	(123)
Cash absorbed in operations generated from		1,224	2,388
Income taxes paid		(400)	(26)
Net cash generated from operating activities		824	2,362
Investing activities			
Interest received		1	1
Purchase of property, plant and equipment		(844)	(162)
Net cash used in investing activities		(843)	(161)
Financing activities			
Dividends paid		(884)	(753)
Repayment of borrowings		(414)	(403)
Interest paid		(31)	(46)
Payments to finance lease creditors		(7)	(8)
Purchase of own shares	30	(302)	(175)
Sale of own shares	30	117	162
Net cash used in financing activities		(1,521)	(1,223)
Net (decrease) / increase in cash and cash equivalents		(1,540)	978
Cash and cash equivalents at start of year		6,290	5,007
Exchange loss / (gain) on cash and cash equivalents		(116)	305
Cash and cash equivalents at end of year		4,634	6,290

Company statement of changes in equity attributable to Owners of the Parent for the year ended 31 March 2018

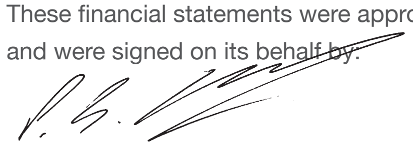
	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2016		**732**	**1,893**	**5,225**	**276**	**(23)**	**940**	**5,592**	**14,635**
Dividends paid	12	1	-	20	-	-	6	(780)	(753)
Purchase of own shares	23	-	-	-	-	(175)	-	-	(175)
Issue of new shares - exercise of share options	30	10	30	175	-	-	(53)	-	162
Settlement of share based payments	30	-	-	-	-	192	(68)	(297)	(173)
Issue of shares from equity reserve	30	16	-	384	-	-	(400)	-	-
Share-based payment charge	27	-	-	-	-	-	-	86	86
Transactions with owners		**27**	**30**	**579**	**-**	**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		-	-	-	-	-	(138)	(39)	(177)
Balance at 1 April 2017		759	1,923	5,804	323	(6)	242	8,663	17,708
Dividends paid	12	-	-	-	-	-	-	(884)	(884)
Purchase of own shares	23	-	-	-	-	(302)	-	-	(302)
Issue of new shares - exercise of share options	22	6	49	113	-	-	(51)	-	117
Settlement of share based payments		-	-	-	-	-	-	(20)	(20)
Share-based payment charge	27	-	-	-	-	-	-	100	100
Transactions with owners		6	49	113	-	(302)	(51)	(804)	(989)
Profit for the year		-	-	-	-	-	-	4,187	4,187
Other comprehensive income		-	-	-	706	-	-	-	706
Total comprehensive income		-	-	-	706	-	-	4,187	4,893
Deferred tax on outstanding share options	11	-	-	-	-	-	(58)	4	(54)
Balance at 31 March 2018		765	1,972	5,917	1,029	(308)	133	12,050	21,558

Company statement of financial position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,261	1,507
Property, plant and equipment	16	3,892	2,595
Investment in subsidiaries	17	273	273
Deferred tax assets	11	186	230
		14,308	**13,301**
Current assets			
Trade and other receivables	18	21,458	4,581
Inventories	19	-	341
Cash and cash equivalents		4,634	6,290
		26,092	**11,212**
Total assets		**40,400**	**24,513**
Current liabilities			
Trade and other payables	20	(17,321)	(5,348)
Tax liabilities		(495)	-
Borrowings	21	(695)	(421)
		(18,511)	**(5,769)**
Non-current liabilities			
Borrowings	21	(85)	(780)
Deferred tax liabilities	11	(246)	(256)
		(331)	**(1,036)**
Total liabilities		**(18,842)**	**(6,805)**
Net assets		**21,558**	**17,708**
Equity			
Share capital	22	765	759
Share premium account	22, 30	1,972	1,923
Merger reserve	24, 30	5,917	5,804
Revaluation reserve	25	1,029	323
Treasury shares reserve	23	(308)	(6)
Equity reserve	26	133	242
Retained earnings		12,050	8,663
Attributable to equity holders of the parent		**21,558**	**17,708**

The Company's profit for the year was £4.2m (2017: £4.1m)

These financial statements were approved by the Board of Directors and authorised for issue on 25 June 2018 and were signed on its behalf by:



Peter Kear

Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Company cash flow statement for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Operating activities			
Profit before tax	30	4,815	4,411
Adjustments for:			
Depreciation of property, plant and equipment		251	221
Amortisation of intangible assets		246	247
Finance income		(1)	(1)
Finance expense		30	46
Share-based payments		100	86
Settlement of share based payments	30	(20)	(172)
Gain on sale of property, plant and equipment		-	(1)
Operating cash flows before movements in working capital		5,421	4,837
Exchange gains on cash and cash equivalents		116	(305)
Increase in receivables		(16,877)	(1,641)
Decrease / (Increase) in inventories		341	(341)
Increase / (Decrease) in payables		12,222	(162)
Cash generated from operations		1,223	2,388
Income taxes paid		(400)	(26)
Net cash generated from operating activities		823	2,362
Investing activities			
Interest received		1	1
Purchase of property, plant and equipment		(844)	(162)
Net cash used in investing activities		(843)	(161)
Financing activities			
Dividends paid		(884)	(753)
Repayment of borrowings		(414)	(403)
Interest paid		(30)	(46)
Payments to finance lease creditors		(7)	(8)
Purchase of own shares	30	(302)	(175)
Sale of own shares	30	117	162
Net cash used in financing activities		(1,520)	(1,223)
Net (decrease) / increase in cash and cash equivalents		(1,540)	978
Cash and cash equivalents at start of year		6,290	5,007
Exchange gains on cash and cash equivalents		(116)	305
Cash and cash equivalents at end of year		4,634	6,290

Notes to the financial statements

1. General information

D4t4 Solutions plc is a public limited company incorporated and domiciled in England and Wales and quoted on the AIM Market, hence there is no one, ultimate controlling party. Details of substantial shareholdings are shown in the Directors' report on page 43.

The address of its registered office, registered number and principal place of business is disclosed on the inside cover of the financial statements.

The financial statements of D4t4 Solutions plc and its subsidiaries (the Group) for the year ended 31 March 2018 were authorised and issued by the Board of Directors on 25 June 2018 and the Consolidated statement of financial position was signed on the Board's behalf by Peter Kear.

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, with the exception of land and buildings which is held at valuation.

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 22 -24. 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.

Having reviewed the future plans and projections for the business, the Directors believe that the Group and company 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 2018:

IAS 7 Statement of cash flows

IAS 12 Income taxes

Together with annual improvements, the adoption of these Standards has had no material impact on the results for the year ended 31 March 2018

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

IFRS 2 Share-base payments

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases

IFRS 9 will be effective for the year ending 31 March 2019 onwards. IFRS 9 introduces:

- New requirements for the classification and measurement of financial assets and financial instruments;
- A new model for recognising provisions abased on expected credit losses; and
- Simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The group has completed an assessment of the impact of IFRS 9 and it is expected that adoption will not have a material impact on Consolidated Income Statement or Statement of Financial Position.

IFRS 16 will be effective for the year ending 31 March 2020. On the adoption of IFRS 16, lease arrangements will give rise to a right-of-use asset and a lease liability for future lease payables. The asset will be depreciated on a straight line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expenses recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However IFRS 16 will result in the timing of lease expenses recognition being accelerated for leases which would be currently accounted for as operating leases. The Group has one leased property in India, details of which are in note 28, and the directors are currently reviewing the requirements of the new standard to determine its impact.

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.

IFRS 15 will be applied by the group for the first time in the half year report ending 30 September 2018 and the annual report ending 31 March 2019.

The standard introduces a single, five-step revenue recognition model that is based upon the principle that

Notes to the financial statements (Continued)

revenue is recognised at the point that control of goods or services is transferred to the customer.

The standard also updates revenue disclosure requirements.

The Directors have specifically considered the adoption of IFRS 15 on the revenue recognition of the Group's solutions income which combine the delivery of software licences, project work (including hardware, software and installation) and recurring revenues from hosting, support & maintenance services. Under our current policies, we recognise software licences and projects income at the point of delivery, with hosting, support and maintenance income being recognised over time.

We have commissioned a report on the expected implications of IFRS15 and are currently analysing the impact of changes from this new standard. Our analysis leads us to conclude that the satisfaction of different performance obligations, especially in respect of our project work, is where IFRS15 will impact. We have concluded that the recognition of software licence sales and recurring revenue sales will are expected to remain unchanged, with software licence sales being recognised upon delivery and recurring revenue sales being recognised over time.

For the year ended 31 March 2018, there were a number of projects which spanned the financial year end. Our current IFRS 15 evaluation involves reviewing whether we have met the full performance obligations in the year ended 31 March 2018 or whether the completion of the performance obligations mean that this revenue will be recognised in the year ended 31 March 2019. Our initial assessment of this potential adjustment is in the range of a reduction of £1.5-2m for revenue and £1-1.5m for profit before tax in the year ended 31 March 2018. The calculation of this adjustment will be reported with the 30 September 2018 financial results. This adjustment is expected to be recognised in the year ended 31 March 2019, and is not expected to occur in future years.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the reporting date.

Investees are classified as subsidiaries where the Company has control, which is achieved where the Company has the power to govern the financial and operating policies of an investee entity, exposure to variable returns from the investee and the ability to use its power to affect those variable returns. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at acquisition date. The results of acquired entities are included in the Consolidated Statement of Comprehensive Income from the date at which control is obtained and are deconsolidated from the date control ceases.

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.

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, the lives and values are adjusted as necessary, and any impairment loss is recognised in the income statement. Freehold land and buildings are professionally valued periodically and were last valued at 31 March 2018. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Revaluation gains/losses are shown on the statement of comprehensive income, where losses are greater than previously recognised gains, these are taken to the income statement.

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 the acquisition of a business, the fair value of IPR is estimated and capitalised taking into consideration the software development cycle and the amount of effort involved between updated versions of the software. The fair value is amortised over the expected development cycle which is estimated to be 8 years.

Capitalised IPR 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.

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 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 net realisable value. The valuation method for each item of inventory remains consistent from one accounting period to the next.

Research and development costs

Under IAS 38 development costs can only be recognised as an intangible asset if and only if:

- it is probable that future economic benefits to the company can be attributed to that asset; and
- the cost of the asset can be reliably measured.

If these criteria are not met then the expenditure must be recognised as an expenses when it is incurred.

To this end, our expenditure on research and development is currently recognised as an expense in the period in which it is incurred, as we cannot as yet reliably predict future economic benefits.

Historic intangible assets are being written off on a straight line basis over the expected life of the revenue stream.

Foreign currencies

In line with IAS 21, transactions denoted in foreign currencies are recorded at an approximation of the exchange rate ruling on the date of the transaction. 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.

Similarly, for translation of foreign operations, transactions are recorded at an approximation of the exchange rate ruling in the period of consolidation. Monetary assets and liabilities 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. Other gains and losses principally include movements in property valuation and are included in the statement of comprehensive income after tax.

Lease commitments

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

Final 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.

Interim and prior periods' dividends paid are included in the statement of comprehensive income.

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

Notes to the financial statements (Continued)

Remuneration committee is satisfied that the vesting criteria have been met, and are settled subsequently by equity shares in the parent company and unless the board, at its discretion, agrees to settle in cash.

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.

Contingent shares
On the acquisition of a business, the accrual for the future value of own shares contingent upon no warranty claims being made is classified as equity where there is a fixed value and hence fixed number of the company's shares to be issued. Where the value of the contingent shares is not fixed at the point of acquisition, these would be treated as a financial liability under IAS 32.

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 tax 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.

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

Perpetual licence revenue is recognised upon delivery as the company has no further obligations to the customer once the non refundable licences have been delivered. Any upgrade to the software will be supplied as part of an ongoing maintenance contract that the customer may make. This maintenance contract is covered under the hosting and support services policy below.

Term licences are recognised upon delivery at the commencement of the term where the licence is not cancellable during the term.

Project work carried out for customers includes one or more elements of hardware, software, installation services and timesheet based project work. Each separate element is fixed in terms of price and deliverables.

The revenue for each delivered product, hardware and /or software, is recognised when the individual components are delivered to the customers designated premises or for licences to designated customer contacts as the risks and rewards transfer on delivery.

For installation services the stage of completion is determined by reference to the time spent as a proportion of the total time expected. In relation to the installation services, there is no one act which is more important than any other and therefore the revenue is recognised in proportion to time worked.

In relation to time based projects, time on projects is recoverable on a time and expenses basis at an agreed daily rate and is invoiced to the customer in the month of performance, and associated value recognised. The risk and reward transfers as work progresses on a daily basis.

Recurring revenues are made up of hosting, support services and maintenance where the performance consists of an indeterminate number of acts over a specified period. This revenue is recognised on a straight line basis over the period of the contract, normally 12 months.

Partnerships with third party organisations
The company sells both directly to the customer and through partnerships. There are two types of partnerships. The first is where the company acts as principal in the sale to the partner. The partner then uses the products and services purchased from the company as part of their sale to their customer. The second is where the company acts on an agency basis. Here the company acts as a supply channel on behalf of the software supplier who dictates the sell and buy price and provides details of the customer. In the first case, the revenue will consist of a combination of licence, project and recurring as defined in the revenue recognition policy above, and hence is recognised as defined there. In the second case, where the company acts on an agency basis, revenue will be recognised at the point of sale to the end customer.

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
Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. 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
Trade and other payables are recognised and carried at the higher of their original invoiced value and payable amount.

Cash and cash equivalents
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 charged to profit or loss over the period 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.

Related party transactions
The Company has taken advantage of the exemption under IAS24 from disclosing related party transactions with entities that are wholly owned subsidiary undertakings of the D4t4 Solutions plc Group.

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, estimates and assumptions of the carrying values of assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. These judgements are reviewed on an ongoing basis, and recognise revisions to accounting estimates in the period in which we revise the estimate and in any future periods affected. It is considered that all judgements have an element of estimation.

The Company secured two large contracts close to the year end leading to a significant increase in year end trade receivables. The Directors' consider that as its customers principally consist of banks, partners and other longstanding customers, primarily blue-chip companies they are deemed to have a low credit risk. As a result, the Directors consider the year end trade receivables to be recoverable, and not impaired.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation and asset lives of separately identifiable intangible assets
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.

Notes to the financial statements (Continued)

4. Revenue

Group

Analysis of revenue	2018	2017
Continuing operations	£'000	£'000
Sale of goods	2,905	3,716
Rendering of services	17,187	13,954
	20,092	17,670

5. Business and geographical segments

IFRS 8 Operating Segments 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 Board of Directors 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

No allocation of other income and costs, including depreciation and amortisation, 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 Board of Directors.

Continuing operations 2018	Licence sales £'000	Project work £'000	Recurring revenues £'000	Total £'000
Sale of goods	2,905	-	-	2,905
Services	-	12,407	5,012	17,419
Adjustment for agency basis	-	-	(232)	(232)
Reported revenue	2,905	12,407	4,780	20,092
Segment result (gross profit)	2,186	6,869	2,460	11,515
Other operating costs and income				(7,084)
Investing and financing activities				(30)
Profit before tax				4,401
Major customers (over 10% of revenue)				
Customer 1	-	10,659	1,737	12,396

The adjustment for agency basis relates to arrangements where the company acts as a supply channel on behalf of a software supplier. This software supplier dictates the sell and buy price and provides details of the customer.

The group has a customer relationship with a number of partners and customers. One partner accounted for over 10% of revenue totalling £12,396k (2017: £9,802k). This revenue is in relation to a number of end user customers and falls primarily into the Project work and Recurring revenues segments.

Continuing operations 2017	Licence sales £'000	Project work £'000	Recurring revenues £'000	Total £'000
Sale of goods	3,716	-	-	3,716
Services	-	9,467	4,825	14,292
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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

Geographical information

	Group	
	2018 £'000	2017 £'000
England	3,586	2,012
Europe	2,409	4,021
United States of America	12,636	10,947
Others	1,461	690
	20,092	17,670

The geographical revenue segment is determined by the domicile of the external customer.

Non current assets, including Property, Plant & Equipment, Goodwill and Intangibles, are all located in England.

Notes to the financial statements (Continued)

6. Analysis of expenses by nature

	2018	2017
The breakdown by nature of expenses is as follows:	£'000	£'000
Employee remuneration		
(see note 7)	8,152	7,381
Intangible assets		
Amortisation of intangible assets (see note 15)	246	247
Research and development costs expensed	474	469
	720	716
Property, plant and equipment		
Depreciation of property, plant & equipment	251	221
Loss on disposal of property, plant & equipment (see note 16)	-	1
	251	222
Auditor's remuneration		
- for audit services (Group and Company, the Company fee is not separately quantifiable)	45	39
- for tax compliance	-	3
- for tax advisory services	5	10
- for other services	14	22
	64	74
Inventories recognised as an expense during the year	341	-
Write-off and provision of doubtful receivables	2	-
Operating leases	44	29
Net foreign exchange differences	402	(357)
Other expenses	4,717	4,360
Total cost of sales and administrative expenses	15,728	13,437

7. Staff costs

	Group		Company	
The average number of employees (including directors)	2018	2017	2018	2017
during the year was:	Number	Number	Number	Number
Production and support	90	88	90	88
Distribution	22	27	20	26
Administration	10	9	10	9
	122	124	120	123
Their aggregate remuneration comprised:	£'000	£'000	£'000	£'000
Salaries	6,982	6,272	6,390	6,022
Social security costs	729	679	701	666
Defined contribution costs	341	344	327	334
Share-based payments: equity settled	100	86	100	86
	8,152	7,381	7,518	7,108

Details of directors' remuneration required by the Companies Act are set out in the audited information included in the Directors' remuneration report on pages 36 to 40. For the purposes of IAS 24 "Related Party Disclosures" these figures also equate to the salary disclosure required of the key management personnel.

Other related party transactions including loans and dividends, involving directors are disclosed in the directors' report on page 42.

The Group has taken advantage of the exemption in IFRS 24 from reporting related party transactions between members of the group because they are wholly owned subsidiaries

The Group has taken advantage of the exemption in IFRS 24 from reporting related party transactions between members of the group because they are wholly owned subsidiaries.

8. Other operating income

	Group	
	2018	2017
	£'000	£'000
Analysis of other operating income		
Operating lease receipts (see note 28)	67	55
	67	55

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

	Group	
	2018	2017
	£'000	£'000
Analysis of investment income		
Bank interest received	1	1
Analysis of finance costs		
Mortgage interest paid	(3)	(9)
Bank loan interest	(21)	(29)
Directors' loan interest	(6)	(7)
Other	(1)	(1)
	(31)	(46)

Financial Statements

Notes to the financial statements (Continued)

10. Taxation

	2018 £'000	2017 £'000
Current UK tax	806	-
Foreign tax	68	65
Less: double taxation relief	(22)	(25)
	852	40
Deferred tax		
- change in tax rates	-	15
- temporary differences	(21)	285
- US tax losses current year	(129)	-
- US tax losses prior year	(74)	-
Corporation tax	628	340
The charge for the year can be reconciled to the reported profit as follows:		
Profit before tax	4,401	4,243
UK corporation tax at 19% (2017: 20%)	836	849
Research and development credit	(117)	(122)
Relief for exercising of share options	(81)	(214)
Difference between writing-down allowances and depreciation	25	-
Amortisation of intangibles	-	42
Other non-deductible expenses	12	14
Effect of higher rates in other jurisdictions	33	40
Shared based payments	-	17
Utilisation of tax losses	(6)	(286)
Recognition of US tax losses prior year	(74)	
Tax charge as above	628	340

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 2016	40	297	155	300	(351)	441
Change to opening balance tax rate assumed	-	(45)	(23)	-	53	(15)
Recognised within the Statement of Changes in Equity	-	(138)	(39)	-	-	(177)
(Credit) / charge to income statement	(34)	-	17	(300)	42	(275)
Balance at 1 April 2017	6	114	110	-	(256)	(26)
Recognised within the Statement of Changes in Equity	-	(58)	4	-	-	(54)
(Credit) / charge to income statement	(38)	-	17	202	42	223
Balance at 31 March 2018	(32)	56	131	202	(214)	143

At 31 March 2018 a deferred tax asset for all US tax losses in the Group of £203k (2017:nil) was created since the Board are confident that they will be recovered, and hence it is appropriate to carry a deferred tax asset for these. In the US losses can be carried forward for at least 20 years, hence losses have been recognised to the extent that they are recoverable in the foreseeable future.

Company	Other timing difference £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Balance at 1 April 2016	40	297	155	300	(351)	441
Change to opening balance tax rate assumed	-	(45)	(23)	-	53	(15)
Recognised within the Statement of Changes in Equity	-	(138)	(39)	-	-	(177)
(Credit) / charge to income statement	(34)	-	17	(300)	42	(275)
Balance at 1 April 2017	6	114	110	-	(256)	(26)
Recognised within the Statement of Changes in Equity	-	(58)	4	-	-	(54)
(Credit) / charge to income statement	(38)	-	17	-	42	21
Balance at 31 March 2018	(32)	56	131	-	(214)	(59)

Notes to the financial statements (Continued)

12. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders:		
Final dividend for the year ended 31 March 2017 of 1.70p (2016: 1.50p) per share	645	574
Interim dividend for the year ended 31 March 2018 of 0.625p (31 March 2017: 0.55p) per share	239	206
	884	780
Proposed final dividend for the year ended 31 March 2018 of 1.875p		

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

13. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year.

The adjusted earnings per share figures have been calculated based on earnings before adjusted items. These have been presented to provide shareholders with an additional measure on the groups year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees where the excise price is less than market price of the Company's ordinary shares at the year end.

Details of the adjusted earnings per share are set out below:

	2018 £'000	2017 £'000
Profit attributable to owners of the parent	3,773	3,903
Amortisation of intangible assets (see note 15)	246	247
Share-based payments	100	86
Net foreign exchange differences	402	(357)
Tax on the adjustments	(142)	5
Adjusted profit attributable to owners of the parent	4,379	3,884

	2018 Number	2017 Number
Basic weighted average number of shares, excluding own shares, in issue	38,104,967	37,193,118
Dilutive effect of share options	1,670,139	1,767,183
Diluted weighted average number of shares, excluding own shares, in issue	39,775,106	38,960,301

	2018 Pence per share	2017 Pence per share
Basic Earnings per share	9.90	10.49
Diluted Earnings per share	9.49	10.02
Adjusted Basic Earnings per share	11.49	10.44
Adjusted Diluted Earnings per share	11.01	9.97

14. Goodwill

	Group £'000	Company £'000
Cost of goodwill		
Balance at 1 April 2016 and 31 March 2017	10,952	10,608
Balance at 1 April 2017 and 31 March 2018	10,952	10,608
Accumulated impairment charges		
Balance at 1 April 2016 and 31 March 2017	2,256	1,912
Balance at 1 April 2017 and 31 March 2018	2,256	1,912
Carrying amount at year end	8,696	8,696
Allocation of goodwill		
AXL customers	100	100
Chapter26 customers	918	918
Speed-Trap customers	7,678	7,678
Balance at 31 March	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 (CGU's). For AXL and Chapter 26, all the CGUs are within the United Kingdom, while for Speed-Trap the CGUs are spread globally.

The recoverable amount of these CGU's has been determined based on a value-in-use calculation. To calculate this, pre-tax cashflow projections are based on financial budgets calculated using both current year and prior year knowledge of customer contracts and approved by the Board for the year ended 31 March 2019. These are then extrapolated for five years with 2% (2017: 10-14%) growth rate applied, and extended beyond five years at 2%, which the Board considers conservative given the long-term opportunities that exists in the regions that the CGU's operate in. The discount rate applied to cashflow projections is 15% pre-tax (2017: 10%). Using a 2% long-term growth rate (2017: 2%) considered a prudent approximation to the long-term average growth rate for the region in which the CGU operates.

The same growth and discount rate assumptions have been applied to each CGU due to the fact that they are the same class of business and same type of customer.

The growth rates have been reduced from the 10-14% to 2% for years after 31 March 2019 (31 March 2018) this year in order to ensure prudent testing of the carrying value of the goodwill. £7,678k of the carrying value of the goodwill relates to Speed-Trap customers and the recoverable amount of the goodwill significantly exceeds the carrying value.

Notes to the financial statements (Continued)

Key assumptions used in the value-in-use calculations

Key assumptions are made by management based on past experience taking into account external sources of information around gross margins, growth rates and discount rates for similar businesses.

The calculation of value in use is most sensitive to assumptions around:

- operating cashflows, based on financial budgets for year ended 31 March 2019 approved by the Board;
- growth rates in the current year budget of 10%;
- growth rates in year 2 onwards, which we have maintained at a conservative 2%;
- the discount rate, based on the pre-tax weighted average cost of capital of the Group of 10%;
- the CGU gross margins achieved.

Sensitivity to changes in assumptions

A change in our key assumptions in respect to operating cashflows could cause the carrying value of the goodwill to exceed the recoverable amount, resulting in an impairment charge.

Management are satisfied that a reasonable change in the key assumptions used in assessing the recoverable amounts of the cash generating units, would not give rise to the recoverable amount exceeding the carrying value of each cash generating unit.

15. Other intangible assets

Group & Company	Internally generated IPR £'000	Purchased IPR £'000	Trade name £'000	Total £'000
Cost				
Balance at 1 April 2016 and 31 March 2017	56	1,858	142	2,056
Balance at 1 April 2017 and 31 March 2018	56	1,858	142	2,056
Accumulated amortisation				
Balance at 1 April 2016	56	232	14	302
Amortisation	-	233	14	247
Balance at 1 April 2017	56	465	28	549
Amortisation	-	232	14	246
Balance at 31 March 2018	56	697	42	795
Carrying amount				
Balance at 1 April 2016	-	1,626	128	1,754
Balance at 31 March 2017	-	1,393	114	1,507
Balance at 31 March 2018	-	1,161	100	1,261

The amortisation charge for the year is booked to administration expenses.

The remaining amortisation period for the Purchased IPR is 5 years and the Trade name is 7 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 2016	2,200	803	100	3,103
Additions	-	120	42	162
Disposals	-	-	(36)	(36)
Balance at 1 April 2017	2,200	923	106	3,229
Additions	442	402	-	844
Revaluation	658	-	-	658
Disposals	-	(103)	-	(103)
Balance at 31 March 2018	3,300	1,222	106	4,628
Depreciation				
Balance at 1 April 2016	-	446	42	488
Depreciation charge	48	148	25	221
Revaluation	(48)	-	-	(48)
Eliminated on disposals	-	-	(27)	(27)
Balance at 1 April 2017	-	594	40	634
Depreciation charge	47	182	22	251
Revaluation	(47)	-	-	(47)
Eliminated on disposals	-	(102)	-	(102)
Balance at 31 March 2018	-	674	62	736
Carrying amount				
Balance at 1 April 2016	2,200	357	58	2,615
Balance at 31 March 2017	2,200	329	66	2,595
Balance at 31 March 2018	3,300	548	44	3,892

The net book value of assets held under finance lease or hire purchase contracts, included above, are as follows:

Group and Company	2018 £'000	2017 £'000
Motor vehicles	19	28

Allocation of depreciation charge	2018 £'000	2017 £'000
Cost of sales	78	62
Administration expenses	173	159
Charge for year	251	221

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Notes to the financial statements (Continued)

Tangible Assets held at valuation

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and Company	2018	2017
	£'000	£'000
Land and buildings	1,842	1,887

Included in land & buildings (valued this year by De Souza & Co) is freehold land at £1,230,000 (2017: £800,000) which is not subject to depreciation. The land and buildings original purchase cost was £2,224,000.

For detail on the fair value measurement of the freehold land and buildings see note 29.

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	
	2018	2017
Cost of investment	£'000	£'000
Balance at 1 April 2017 and 31 March 2018	273	273
Accumulated provision for impairment		
Balance at 1 April 2017 and 31 March 2018	-	-
Carrying amount at year end	273	273

	Country of Incorporation	Nature of business	Proportion of ownership of ordinary shares
IS Solutions Ltd (formerly Celebrus Ltd)†	England & Wales	Dormant	100%
Celebrus Technologies Inc.*‡	USA	Non-trading	100%
Celebrus Technologies Ltd*†	England & Wales	Dormant	100%
Chapter26 Ltd†	England & Wales	Dormant	100%
D4t4 Solutions Inc.§	USA	Software & services	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

All subsidiaries individually prepare and file their own financial statements.

The principal place of business is considered to be the registered address.

Celebrus Technologies Inc was non-trading and the company was closed on 6 April 2018.

18. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade receivables	19,530	3,659	19,530	3,659
Amounts due from Group undertakings	-	-	917	317
Other debtors	63	35	60	30
Prepayments	480	152	480	152
Accrued income	471	423	471	423
	20,544	4,269	21,458	4,581

Trade receivables	2018	2017	2018	2017
Ageing of past due but not impaired receivables:	£'000	£'000	£'000	£'000
Overdue 1 month	264	159	264	159
Overdue 2 months	47	174	47	174
Overdue 3 months and more	237	22	237	22
	548	355	548	355

The Company secured two large contracts close to the year end leading to a significant increase in year end trade receivables. A proportion of this was reflected in the 2017/18 financial year with the remainder to be recognised in 2018/19 and subsequent years, which has also led to a significant increased in deferred income as reflected in note 20.

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 (2017: 67 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. After review, the Directors believe that no further credit provision is required. The policy of credit risk management is covered in Note 29.

During the year one trade receivable was considered impaired and there was a £2k charge to the income statement as shown on Note 6 (2017: £Nil).

For ease of understanding and fair disclosure prepayments and accrued income are now being shown as two distinct balances.

19. Inventories

	Group & Company	
	2018	2017
	£'000	£'000
Finished goods and goods for resale	-	341

The amount of inventories recognised as an expense during the year amounted to £341k (2017: Nil). There was no write-down in the recognised value of inventories (2017: Nil).

Notes to the financial statements (Continued)

20. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade payables	2,609	999	481	538
Loans from directors	-	119	-	119
Amounts owed to Group undertakings	-	-	2,753	1,042
Other taxes and social security	772	294	772	292
Other creditors	12	127	12	72
Accruals	1,591	755	1,377	657
Deferred income	12,421	2,628	12,421	2,628
	17,405	4,922	17,816	5,348

There is no material difference between the fair value of receivables and their carrying value.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 53 days (2017: 65 days). Their carrying value approximates to their fair value.

For ease of understanding and fair disclosure accruals and deferred income are now being shown as two distinct balances.

21. Borrowings

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Obligations under finance lease and hire purchase agreements	17	24	17	24
Bank loans and mortgages (see Borrowings below)	763	1,177	763	1,177
	780	1,201	780	1,201

Borrowings (Group and Company)	Finance Leases		Bank loans and mortgage	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	24	32	1,177	1,580
Taken out in year	-	-	-	-
Repaid during the year	(7)	(8)	(414)	(403)
Balance at 31 March 2018	17	24	763	1,177
Repayable within one year	8	8	687	413
Repayable within one to two years	9	16	76	426
Repayable within two to five years	-	-	-	338

The finance lease was taken out in 2016 in respect of a motor vehicle.

The mortgage of £1.2m was drawn on 3 September 2009 and is repayable over 10 years in equal instalments. Interest is charged monthly on the outstanding amount and the rate is fixed at 2.10% over base rate. The outstanding amount at 31 March 2018 was £190k (2017: £301k).

The loan of £1.5m was drawn on 22 January 2015 and is repayable over 5 years in equal instalments. Interest is charged monthly on the outstanding amount and the rate is fixed at 2.50% over base rate. The outstanding amount at 31 March 2018 was £573k (2017: £876k.)

At 31 March 2018 there were no undrawn facilities (2017: nil).

Long-term borrowings (bank loans and mortgage) £76k (2017: £764k) are secured by way of a fixed and floating charge over the Company's assets.

22. Share capital

	2018			2017		
	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 2017	37,954,318	759	1,923	36,583,020	732	1,893
Issued during year	306,701	6	49	1,371,298	27	30
Balance at 31 March 2018	38,261,019	765	1,972	37,954,318	759	1,923

The Company issued 306,701 (2017: 1,371,298) Ordinary shares during the year to satisfy share option exercise requirements, at a price of 54.67p (2017: 40.65p) increasing the share premium account by £49k (2017: £30k).

Any costs associated with the issue of new shares were less than £1k (2017: £1k) and are recognised in professional fees.

23 Own shares

At the year end the company held 247,815 (2017: 3,399) ordinary shares in Treasury, with fair value of £293,661 (2017: £4,742). Details of purchases and sales are shown on page 44.

24. Merger reserve

The merger reserve arose on the acquisition of Speed-Trap Holdings Ltd (23 January 2015) and represents the excess consideration paid by issue of shares over the share capital nominal value. Additions to this reserve of £113k (2017: £579k) are a result of the exercise of options issued which have been held in the contingent shares and equity reserve account. In prior years these values had been included in share premium but have been restated for ease of understanding and fair disclosure (see note 30).

25. Revaluation reserve

This represents the gains on revaluation of the property following the latest professional revaluation as at 31 March 2018. The gain on revaluation was £706k (2017: £47k). This is a non-distributable reserve as it represents unrealised profits on the revalued assets.

26. Equity reserve

This is in relation to the options issued following the Speed-Trap acquisition in 2015 and represents the fair value less the cash received to exercise those options of £77,098 (2017: £128,318). The outstanding balance of these options is included in the balance at 1 April 2017 and 31 March 2018, as applicable, in note 27. In addition the total includes the deferred tax asset on these options of £55,649 (2017: £114,770).

Notes to the financial statements (Continued)

27. Share-based payments

The Company has a share option scheme for all employees of the Group, a combination of both EMI and non-EMI schemes. Share options vest in equal instalments over three years based on previously set EPS targets. In relation to the share options shown below the Board forecast that the remaining share options will vest.

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 employees leave before their options vest then those options are forfeited.

Vested options are settled subsequently by a combination of equity shares in the parent company and cash at Board discretion.

	2018 No. of share options	2018 Weighted av. exercise price	2017 No. of share options	2017 Weighted av. exercise price
Balance at 1 April	3,096,872	45.73p	3,688,117	49.42p
Granted during the year	424,500	114.00p	320,000	117.00p
Forfeited during the year	(55,000)	99.47p	(72,000)	82.17p
Exercised during the year	(325,574)	41.02p	(839,245)	27.40p
Balance at 31 March	3,140,798	70.11p	3,096,872	61.56p
Exercisable at year end	1,791,681	56.26p	1,396,305	45.73p

The weighted average share price at the exercise date of the exercised shares was £1.715 (2017: £1.57). The weighted average contractual life of the outstanding options was 7 years (2017: 7 years), exercisable in the range 18.5p to 136.0p.

325,574 share options were exercised on 10 August 2017, 306,701 (note 22) by way of issue of new shares, 18,873 by cash settlement.

A summary of the option price ranges

2018 Exercisable price range	2018 No. of share options
18.50p to 27.85p	451,114
51.00p to 90.50p	1,966,184
113.00p to 136.00p	723,500
	3,140,798

The weighted average exercise price of all outstanding share options was 70.11p (2017: 61.56p).

The Group recognised £100k of expense related to equity-settled share-based payments in the year (2017: £86k).

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:

	15 Dec 2017
Number of options granted	424,500
Share price at date of grant	114.00p
Exercise price	114.00p
Option life in years	3
Risk-free rate	3.10%
Expected volatility	37.00%
Expected dividend yield	1.75%
Fair value of options	28.87p

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.

28. Operating lease arrangements (Group and Company)

As lessee

There are no outstanding non-cancelled leases (2017: nil).

	2018 £'000	2017 £'000
Lease payments recognised as an expense during the year	44	34
Lease payments are for rental of premises in India		

Total value of future minimum lease payments committed under non-cancellable operating leases:	2018 £'000	2017 £'000
Not later than one year	50	9
Later than one year and not later than five years	225	-
Later than five years	159	-

As lessor

There are no outstanding non-cancelled leases (2017: nil)

	2018	2017
Lease receipts recognised as income during the year	67	55

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

Notes to the financial statements (Continued)

29. Financial instruments and risk management

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 comprise issued share capital, reserves and borrowings, along with cash and cash equivalents.

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, as defined above, is managed by the board to ensure that the Group and Company continues as a profitable going concern. There are no externally imposed capital requirements.

	Group		Company	
The company has no net debt	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Borrowings	(780)	(1,201)	(780)	(1,201)
Cash and cash equivalents	4,634	6,290	4,634	6,290
Net cash	3,854	5,089	3,854	5,089

	2018	2017	2018	2017
Categories of financial instruments	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Cash and bank balances	4,634	6,290	4,634	6,290
Loans and receivables	20,064	4,117	20,978	4,429
Financial Liabilities at Amortised Cost				
Trade and other payables	4,212	2,000	4,623	2,428
Borrowings	780	1,201	780	1,201

	Group and company		
	2017	Cashflows	2018
Reconciliation of liabilities arising from financing activities	£'000	£'000	£'000
Finance leases	24	(7)	17
Bank loans and mortgages	1,177	(414)	763
	1,201	(421)	780

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. Natural hedging is employed, to the extent possible, to minimise net exposures; however, where significant exposures arise it is group policy to enter into formal hedging arrangements where these can be shown to be effective.

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

	Liabilities		Assets	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
US Dollars				
- cash	-	-	644	1,123
- receivables	-	-	19,077	2,918
- payables	2,762	353	-	-
Euros				
- cash	-	-	85	70
- receivables	-	-	100	86
- payables	46	98	-	-

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

	$	€	Total
	£'000	£'000	£'000
At 31 March 2018			
Impact on profit/equity for the year	(805)	(5)	(810)
At 31 March 2017			
Impact on profit/equity for the year	(155)	(3)	(158)

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Notes to the financial statements (Continued)

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

	$ £'000	€ £'000	Total £'000
At 31 March 2018			
Impact on profit/equity for the year	890	5	895
At 31 March 2017			
Impact on profit/equity for the year	171	3	174

In management's opinion the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure was abnormally high and does not reflect the regular exposure levels during the year.

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 partner owed a total of £16,375,000 (2017: one partner owed £2,315,000) and no provision has been made in relation to this balance. No other customers / partners owed more than 10% of the outstanding total. No provision for doubtful debts has been made (2017: nil).

The Group's customers primarily consist of banks, partners and other long-standing customers, primarily blue-chip companies that are deemed to have a low credit risk. As a result, the credit quality of trade receivables that are neither past due nor impaired has been assessed by the Directors to be relatively high, taking account of a low historic experience of bad debts and relatively good ageing profiles.

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers, compliance is monitored by the Credit Control Team. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer. The Group has a policy of dealing only with creditworthy counterparts.

The Group manages the credit risk and quality of cash balances by holding balances with reputable banks.

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 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
In less than one year:				
Borrowings	713	449	713	449
Trade payables	2,609	999	481	538
Loans from directors	-	119	-	119
Amounts owed to Group undertakings	-	-	2,753	1,042
Other creditors	12	127	12	72
Accruals	1,591	755	1,377	657
	4,925	2,449	5,336	2,877
In more than one year:				
Borrowings	85	798	85	798
	85	798	85	798

All of the financial liabilities above are recorded in the financial statements at amortised cost. The above maturity analysis amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from the carrying values of the liabilities at the reporting date.

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

	2018 £'000	2017 £'000
Secured bank overdraft facility (unused)	-	250

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 2.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation at 31 March 2018. The fair value measurements of the Group's freehold land and buildings as at 31 March 2018 were performed by De Souza & Co, independent valuers not related to the Group. De Souza & Co are members of the Royal Institution of Chartered Surveyors, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The

Notes to the financial statements (Continued)

valuation was prepared in accordance with the RICS Valuation - Global Standards 2017 and the International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land and buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties. 10 similar properties with sales within the last two years, and within 10 miles were used as the basis for comparison using both sales value and letting rates to determine the valuation.

In order to determine the apportionment of the fair value between land and buildings, firstly the value of industrial development land in the broad area of the property was assessed, and secondly an allowance for age and obsolescence was applied to the likely rebuilding costs of a modern equivalent.

30. Presentation changes in the financial statements

Following detailed technical review of disclosures relating to share options, the disclosures for the cash flow statement and statement of changes in equity table have been updated as per below:

Cashflow statement	2017	
(Consolidated and company)	£'000	
	Revised disclosure	As presented previously
Purchase of own shares	(175)	(400)
Sale of own shares	162	215
Settlement of share based payments	(172)	-
	(185)	**(185)**
Operating activities total	2,362	2,534
Financing activities total	(1,223)	(1,395)

Statement of changes in equity	2017	
(Consolidated and company)	Equity Reserve	
	£'000	
	Revised disclosure	As presented previously
Balance at 1 April 2016	**940**	**940**
Dividends paid	6	6
Sale of own shares	-	(121)
Issue of new shares - exercise of share options	(53)	-
Settlement of share based payments	(68)	-
Issue of shares from equity reserve	(400)	
Issue of contingent shares		(400)
Transaction with owners	(515)	(515)
Rate change on deferred tax	(45)	(45)
Deferred tax on outstanding share options	(138)	(138)
Balance at 31 March 2017	**242**	**242**

The group has not presented a statement of financial position as at 31 March 2016 since all changes arising from this reclassification at that date are disclosed in the consolidated and parent company statements of changes in equity.

In order to improve ease of understanding in relation to the types of exercise of options the presentation of the movements on both the cashflow and the statement of changes in equity have been further analysed as shown above. The 2018 accounts are prepared on the revised basis.

Following the detailed review above, the share and share option movements in relation to the Speed-Trap acquisition have been removed from share premium and included in a new merger reserve. The comparison of the disclosures last year and as presented this year are as below. The 2018 Statement of changes in equity and Statement of financial position have been prepared on the revised basis.

Statement of changes in equity and statement of financial position	2017		
(Consolidated and company)	Share premium £'000 Revised disclosure	Merger reserve £'000	Share premium £'000 As presented previously
Balance at 1 April 2016	1,893	5,225	7,118
Dividends paid	-	20	20
Sale of own shares			205
Issue of new shares - exercise of share options	30	175	
Issue of shares from equity reserve	-	384	
Issue of contingent shares			384
Transaction with owners	30	579	609
Balance at 31 March 2017	1,923	5,804	7,727

The balance on the merger reserve has been moved from the share premium account and represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued the acquisition of Speed-Trap Holdings Ltd.

Cashflow statement	2017			
	Consolidated		Company	
	£'000 Revised disclosure	£'000 As presented previously	£'000 Revised disclosure	£'000 As presented previously
Profit before tax	4,243		4,411	
Profit for year		3,903		4,071
Income tax expanse		340		340
	4,243	4,243	4,411	4,411

This adjustment has been made in line with current best practice.

Consolidated statement of comprehensive income	2017	
	£'000 Revised disclosure	£'000 As presented previously
Distribution costs		3,797
Administration expenses	5,631	1,834
	5,631	5,632

This adjustment has been in line with management internal reporting.

Financial Statements

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