AccessIntelligence

ANNUAL REPORT AND ACCOUNTS 2013

for the year ended 30 November 2013

Contents

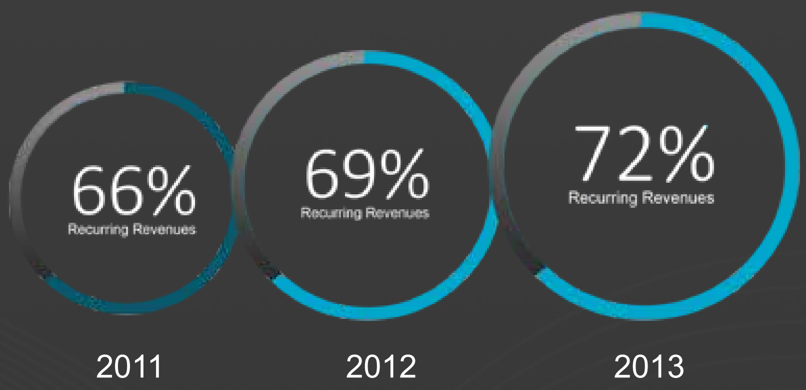
Investor Proposition

Mainly focusing on regulated sectors, we build and develop successful companies to reward our investors with long-term growth, whilst maintaining competitive pricing and industry leading functionality for our customers. Our growing portfolio of solutions, delivered through the Software as a Service (SaaS) model, continue to provide excellent opportunities for cross-selling and joint development.

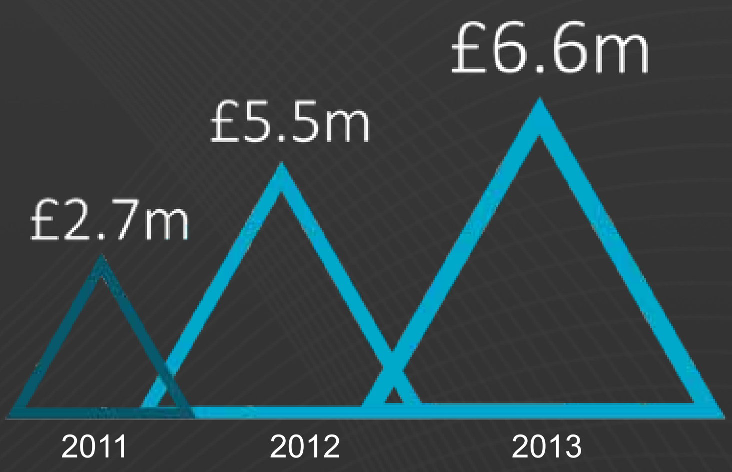
We work closely with the existing management of our acquired companies and where required have introduced experienced high performing staff. Complimented by our strong Board, this provides us with significant experience and expertise to accelerate growth. We have helped the companies we've invested in to implement best practices in finance, product development and sales and marketing to ensure that we minimise costs whilst maximising performance.

Highlights

Recurring Revenue
as a % of total revenue



Contracted Not Yet Invoiced



2013 Operational Highlights

- Leveraging of the Access Intelligence York Development Centre to design the integration of brands onto a single platform
- Total contracted future revenue at year end up by 21% to £6.6m up from £5.5m
- Recurring revenue up by 9% to £6.1m up from £5.6m
- Growth of personnel to meet increased demand for products and services
- Total technical spend at 49% of revenue (2012: 24%)

Access Intelligence at a Glance

Access Intelligence is an AIM listed company delivering niche software into highly regulated and high risk markets. Our solutions enable companies to create and release value within their businesses by empowering governance, mitigating risk and driving compliance.

We combine the latest innovations in governance, risk and compliance (GRC), years of practical hands-on experience and software industry expertise, creativity and hard work, to deliver exceptional quality services and solutions to our blue-chip customer base, as a foundation to deliver strong returns to our investors.

Our GRC life cycle solutions include:

- Training, Competence and Employee Monitoring and Management
- Operational Performance Monitoring and Management
- Procurement and Supplier Risk Management
- Business Continuity and Incident Management
- Communication and Reputation Management
- Business Intelligence and 'Big Data' Management
- IaaS, Cloud and Data Security Management

Brand Strategy

With particular focus on GRC and Software as a Service (SaaS) delivery, Access Intelligence develops strong niche brands with:

Defensible recurring revenues

We develop predictable revenue and earnings growth which are expected to generate good levels of free cash flow or attractive returns on the capital reinvested in the business.

High customer retention rates

We deliver highly innovative and effective software and services which build long-term customer loyalty. We have good experience in the successful development of customer management programmes.

Strong presence in niche sectors

Our brands have a strong presence in niche, especially regulated, industries with high growth potential.

Capable management teams

We have the ability to attract leading industry executives with domain expertise in governance, risk and compliance.

Cross-selling opportunities

Our brands underpin the multiple processes incorporated in the GRC life cycle to encourage cross- and up- selling across the Company.

What is SaaS?

Software as a Service (SaaS) solutions are designed to accelerate adoption and value without the cost burdens, or risks of implementing costly software or hardware.

SaaS delivers on-demand software functionality via the internet from a single application that is shared across multiple users. On-demand solutions require only a web browser for access, eliminating the need to install and maintain the software and hardware associated with desktop installed products. Furthermore, they replace the upfront licence fees and lengthy implementation cycles of traditional installed applications with a "pay-as- you-go" subscription based service, usually following an upfront professional services fee to cover installation and configuration.

Benefits for Software Vendors

- More Predictable Revenue and Cash Flows: Customers pay for software by subscription rather than buying a licence resulting in more certainty about future revenue and cash flow.

- SaaS is Truly Scalable: Software can be distributed rapidly, via the internet, to many new customers at almost no extra cost to the company.

- SaaS Companies are Highly Valued: Due to capital efficiency, high profitability and the lock-in effect.

Benefits for End Users

- More Frequent Upgrades: Software developers host their own applications, allowing them to update their software more regularly at a lower cost than traditional software companies.

- Lower Cost of Ownership: Maintenance costs are lower, no license costs and the lower distribution costs for the vendor are passed on to the consumer.

- Higher Level of Service from Vendors: Vendors must become more responsive to customer needs or they risk losing subscription revenues

AITalent

Solution Category:
Training, Competence and Employee Performance Management

Description:
Compliance Training and Learning Management Software Solutions

AITalent is a leading provider of Compliance Training and Learning Management Solutions. The company is dedicated to helping organisations operating in regulated industries improve their competitive advantage and cost effectively address compliance and training challenges, through the use of learning technologies.

Customers include:
Dixons Retail, Kleinwort Benson, Eli Lilly, Capita and Aegon

AITrackRecord

Solution Category:
Organisational Performance Management

Description:
AITrackRecord is a powerful compliance and business performance solution. It enables companies to link individual and micro level performance elements to the objectives and strategy of the business. AITrackRecord enables companies to proactively manage areas of risk or growth inhibitors within a business and to replicate success across departments.

Customers include:
The Royal Bank of Scotland, Aviva and National Australia Bank

AIProcurement

Solution Category:
eProcurement and Supplier Risk Management

Description:
The AIProcurement solution has been specifically designed to create effective procurement life cycle management for both the public and private sector. AIProcurement enables companies to significantly reduce costs, improve the governance of procurement and mitigate supplier risk.

Access Intelligence’s procurement solution continues to be delivered as Due North in the public sector and, with over 250 customers, it continues to be one of the leading providers in this market.

Customers include:
Met Police, 7 of 9 Regional Collaborative Portals, Ladbrokes, Met Office, Spirit Pub plc

AIControlPoint

Solution Category:
Business Continuity and Incident Management

Description:
AIControlPoint provides a suite of modules to deliver effective business continuity and incident management. AIControlPoint has been actively used in some of the world's most high profile incidents of recent years, which has subsequently led to increased demand and it is now seen as the "weapon of choice" for Crisis Managers, HSE Directors and Operations Teams around the world.

Customers include:
easyJet, Intercontinental Hotel Group, BP, Chevron, Shell and ING

AIMediaComms

Solution Category:
Stakeholder Relations and Reputation Management

Description:
With a customer base of over 300 clients and unique industry leading functionality, AIMediaComms is today the clear market-leader for stakeholder relations and reputation management software in the UK. AIMediaComms covers all facets of the communications function, including media and public relations, stakeholder and PR campaign management and public affairs. AIMediaComms continues to strengthen its presence in its core markets with key customer acquisitions, while also developing complimentary products for political monitoring and social media engagement that will help drive future growth.

Customers include:
RBS, Carphone Warehouse, United Utilities, SSE

AICloud

Solution Category:
IaaS, Cloud and Data Security Management

Description:
AICloud comprises of a combination of the best in class Data Centres, Enterprise Grade Technology from some of the leading IT companies in the world and a 20 year track record of delivering highly resilient, robust and secure infrastructure platforms. AICloud is now providing it's 'SaaS Ready' cloud solution for the majority of Access Intelligence's customers, enabling the group to confidently meet customer requirements for high level of resilience and data security.

Customers:
easyJet, Stepan, EEF North West, Petrofac, Stanley International Betting

Chairman's Statement

I am pleased to announce our results for the year ended 30 November 2013.

This year we have continued to invest in the strategic development of both the Company and its innovative software solutions. During the year we have benefitted from the additional investment made during 2012 and 2013, which can be seen in the new contracts signed during 2013 and the 21% increase in revenues contracted not yet invoiced.

Our strategy continues to evolve and the potential for synergies and interoperability between our products continues to grow, with customers recognising the potential for considerable benefits from utilising our combined suite of products.

Outlook

Organisations operating in both regulated and non-regulated markets across the world, continue to recognise the fundamental importance of using software solutions to provide the necessary governance, risk and compliance data, combined with insightful and responsive management information, which enables them to reduce costs, improve performance and mitigate risks. Meeting these demands will continue to be at the core of our strategy and will remain the driver for our continued innovation of our leading SaaS based solutions.

I would like to take this opportunity, on behalf of the board to thank you for your continued support of Access Intelligence.

M Jackson
Chairman
1 April 2014

"This year we have continued to invest in the strategic development of both the Company and its innovative software solutions."

Strategic Report

Results

Revenue was up by 4% to £8,388,000 (2012: £8,053,000).

Our continued commitment to the software-as-a-service business model has enabled us to build long-term visibility of revenues and in 2013 recurring revenues on continuing operations, at £6,062,000 (2012: £5,562,000), accounted for 72% (2012: 69%) of total revenues.

At 30 November 2013, deferred revenue stood at £2,714,000 (2012: £2,732,000) reflecting the change in timing of raising invoices to customer, while our contracted not yet invoiced revenue grew 21% to £6,623,000 (2012: £5,453,000).

Operating loss was £2,530,000 (2012: loss £390,000). In arriving at the operating loss we have charged £360,000 (2012: £276,000) for the depreciation and amortisation; £2,607,000 non-cash, impairment charges (2012: £nil) and £40,000 (2012: £36,000) for share-based payments.

Earnings before interest, tax, depreciation and amortisation (EBITDA) pre-impairment charges was up significantly to £437,000 (2012: loss £114,000).

As indicated last year, we have invested significantly in developing our products. This development momentum gathered pace through 2013 and the Group engaged an average of 84 (2012: 75) technical staff who support both the existing product offering as well as developing it. In 2013 £4,151,000 (2012 £1,929,000) was spent across the Group on research and development and other technical expenditure. Our commitment to the future represents 49% of revenue (2012: 24%).

2014 will see continued investment across the Company's brands with the full benefits expected to come through in the latter parts of the current financial year.

Loss per share

The basic loss per share was 1.11p (2012: loss 0.05p).

Cash

Cash at the year end stood at £1,521,000 (2012: £2,772,000), the change reflecting the significant investments made, which continues to be made into 2014.

Dividend

As a result of the significant investment the Company has made in the strategic product innovation and sales development the directors propose not to pay a dividend for 2013.

Key Performance Indicators

On a monthly basis management accounts are prepared which provide performance indicators covering sales, gross margins, overhead costs, operating profit, EBITDA, recurring revenue and cash balances. The key performance indicators for the year are:

£'000	**2013**	2012
Revenue	**8,388**	8,053
Gross margin (%)	**73%**	70%
Adj. EBITDA before restructuring costs and impairments	**576**	368
EBITDA - profit/(loss)	**437**	(114)
Loss before taxation	**(2,639)**	(497)
Loss after taxation	**(2,612)**	(114)
Cash balances	**1,521**	2,772
Recurring revenue	**6,062**	5,562

These performance indicators are measured both against an approved budget and the previous year's actual results. Further analysis of the Group's performance using these indicators is provided earlier in this Strategic Report. Each subsidiary's managing director provides a three month forecast of projected profitability on a monthly basis as part of their operation's reporting to the Group board. These are used in conjunction with the controls described in the corporate governance statement and relate to a wide variety of aspects of the business.

Principal business risks and uncertainties

The developing nature of the business dictates that the board understands the market in which it competes and the strategy that they are implementing. The Statement of Corporate Governance notes the objectives and mechanisms of internal control. Monthly board meetings are held, where strategy is discussed and decisions taken at Group level and formal quarterly meetings are held at subsidiary level, supplemented by more regular operational meetings. The board constantly assesses risks and is of the belief that internal control, risk management and stewardship are integral to the proper management of the business.

Financial instruments

The Group's operations are subject to a variety of financial risks most notably the effect of credit risks. At the present time the Group has no bank borrowings or overdrafts, and holds in excess of £1,500,000 of bank deposits. The Group does not enter into derivative contracts other than the forward currency contracts detailed below.

4% (2012: 5%) of the Group's revenue is invoiced in a currency other than sterling. Accordingly, foreign exchange risk is not considered a material risk. To date the materiality of euro based sales has been such that we have not hedged the currency exposure. In relation to US dollar denominated sales, due to the immateriality of dollar sales and unpredictability of such collections from debtors we do not hedge and simply hold to pay suppliers invoicing in dollars or convert if needed into sterling at spot. At the 30 November 2013 there were no open exchange contracts.

The most significant financial risk to which the Group is exposed is that of the credit worthiness of our client base. Around 44% (2012: 47%) of the Group's revenue is contracted with the public sector where the directors have judged the credit risk to be minimal.

The remaining sales are with the private sector where we have experienced a small incidence of bad debts. We have not considered it necessary to take out credit insurance for the following reasons:

- most invoices are not of a high value
- no significant concentration of invoices are with any one customer
- in many cases we are able to switch off the service the moment a debt becomes due

The Group holds a number of deposits with UK tax payer owned banks or well known high street banks. In recent years we have become increasingly aware that even financial institutions such as banks are not immune from financial risk. That said the directors review the financial position of their deposit holders on a regular basis and at this time are satisfied with their credit worthiness.

Information about the use of financial instruments by the Group is given in note 18 to the financial statements.

The group has also previously issued convertible loan notes as disclosed in the financial statements.

Software as a Service

Business Performance Management

AITrackRecord has maintained its position as a strategic solution, fundamental to the on-going operations of leading financial organisations, with the benefits of this position recognised during 2013 with a significant increase to the recurring revenue.

From a development perspective we have increased the operational effectiveness of the AITrackRecord team by implementing standard controls, quality procedures and formalisation of the specifications and change control processes. These additional procedures and quality management controls, have assisted in the signing of a significant contract with RBS and higher than ever monthly recurring PS revenue for the brand as a whole.

The innovation and process development throughout the year has ensured that AITrackRecord can continue to provide customers with significant value and maintain the brand's position as a key strategic partner.

e-Procurement and Supplier Risk Management

Despite cut backs in public sector spending, Due North has continued to develop its presence in the market opening 29 new accounts during 2013. In July Alan Gray took up the position of non-executive Chairman at Due North and Joanna Arnold took responsibility for overseeing the on-going operational management.

During 2013 Due North was selected for Gartner's highly regarded Strategic Sourcing Suite Magic Quadrant report. It reviewed the leading procurement solutions available around the world and has helped to further develop the brand's reputation during the year.

Stakeholder and Reputation Management

AIMediaComms' presence in the public sector has remained strong during 2013. Despite the significant reforms in the NHS and reductions in public spending, the brand signed 12 new public sector organisations including 6 NHS bodies. AIMediaComms has also continued to develop its presence in the private sector, signing 13 new name customers including: Skanska, G4S and Scottish and Southern Energy.

2013 has also seen the first/beta release of AIMediaComms' social media monitoring tool, which has been specifically designed to complement the existing political monitoring and PR management modules. The new functionality will help to ensure AIMediaComms is able to maintain its current competitive advantage in the industry.

Business Continuity and Incident Management

AIControlPoint has maintained its strong presence in the aviation and finance sectors and has most notably acquired 2 key strategic accounts in the oil and gas sector, further validating AIControlPoint's strong reputation within the industry.

During 2013 AIControlPoint launched its new Emergency Rota module, which has been specifically designed to meet the requirements of both the aviation and oil and gas markets. The new functionality has proved popular with existing customers and has enabled AIControlPoint to approach existing prospects with a new offering.

AIControlPoint was also selected by leading technology analysts, Gartner, as a 'Cool Vendor' for 2013, under the category for business continuity management and IT disaster recovery.

Division in recovery

Training and Competence

AITalent's operating losses including one-off charges were £264,000 up from prior years due to the follow on effects in the early part of 2013 of significant restructuring (2012: £236,000). Included in operating losses were one-off costs of £20,000 (2012: £171,000), relating to the staff re-organisation.

AITalent has continued to focus on highly regulated and high risk industries, seeing particular growth in the financial services market, including signing new contracts with Kleinwort Benson and Hoare Bank. The brand continues to maintain its presence in the pharmaceutical market and significant growth in financial services, it offers growth opportunities for other brands in the group, especially AITrackRecord where there are opportunities to introduce the powerful talent and performance management functionality.

IT Support Services

Infrastructure (IaaS), Cloud and Data Security Management

Willow Starcom has continued to develop its presence as a provider of cloud and hosted solutions and has significantly benefitted from the restructure of its operations; moving away from the legacy hardware support model, to business development in a significant growth services market. Willow Starcom has once again delivered substantial growth during the year, with significant new signings during 2013. In addition, Willow Starcom's AICloud brand has continued to develop amongst new and existing customers within Access Intelligence.

Willow Starcom has made significant investment in both the technology solution and management processes, which has helped the Access Intelligence brands in securing new business, providing a suitable hosting environment for some of the world's largest blue chip companies. This investment will continue to drive Willow Starcom's success in the coming year.

Centralised Development Operations

2013 was the first full year of operations for Access Intelligence's Centre of Excellence in York. During 2013, development operations have been migrated to a centralised, industry-standard Application Lifecycle Management toolset. This toolset, in conjunction with centralised quality management processes and people management, has increased the efficiency of solution development; from initial requirements gathering through to commissioning and deployment of new and updated applications.

Customer support operations have been consolidated into a single, cross-product support operation. This has improved customer satisfaction levels through improved issue resolution efficiency and effectiveness.

This year we have realised the first phase of the new software architecture, which will enable us to transition away from legacy technology in certain parts of the Group and benefit from cutting edge technologies and techniques to provide a high-quality, resilient, configurable and performant platform for future product delivery. The configurability of products based on the new software architecture will enable us to significantly reduce our time-to-market and provides us with a route to move from being a vendor of operational risk and compliance management tools, to a provider of services in the Enterprise GRC market.

Strategy and Market

There continues to be growing pressures on companies around the world to improve corporate governance in line with industry regulations and demands from key stakeholders. Access Intelligence's solutions continue to be used both operationally and at a strategic level, to enable our customers to mitigate risk and develop their competitive advantage. This key driver, combined with Access Intelligence's product innovation and extensive industry experience, has enabled the company to benefit from growth in both short term and long term revenue.

Software as a Service based solutions continue to provide companies with a high performing, resilient and value driven alternative to managing and maintaining software applications within their own infrastructure. Access Intelligence has utilised this software development and delivery method as a key component of its strategy, providing not only significant benefits to customers, but ensuring investors can benefit from increased innovation with a shorter time to market, a stable base for revenue growth and a long term visibility of performance.

In 2014 will we will continue to invest in the development of our products. Our focus over the coming year will continue to be on realising the benefits from brand synergies throughout our commercial activities.

Directors and Staff

2013 has demonstrated that our core belief of building a company based on the expertise, experience and integrity of our industry leading team is delivering significant value. I would like to thank all our staff for their hard work and commitment, which has enabled us to recognise considerable progress during 2013 and we expect to benefit from this in the coming years. As a Company, we have delivered advances and I look forward to our continued operational successes in 2014.

By order of the board

M Jackson

Director
Approved by the directors on 1 April 2014

Directors and Advisers

Directors:

Executive directors:

M Jackson	(Chairman)
K Dhoot	(Chief Financial Officer)
J Arnold	(Chief Operating Officer)

Non-executive directors:
D Lowe
R Jackson (resigned 22 April 2013)
H Bang
J Hamer

Company Secretary:

K Dhoot (appointed 16 June 2013)
J Hamer (resigned 18 June 2013)

Registered Office:

3rd Floor
10-11 Charterhouse Square
London
EC1M 6EH

Company registration number:

04799195

Brokers and Nominated Adviser:

Sanlam Securities
10 King William Street
London
EC4N 7TW

Registrars:

Neville Registrars Limited
Neville House
18 Laurel Lane Halesowen
West Midlands
B63 3DA

Bankers:

Bank of Scotland
Aldgate House
1-4 Market Place
Hull
HU1 1RA

Legal Advisers:

Wright Hassall LLP
Olympus Avenue
Leamington Spa
Warwickshire
CV34 6BF

Auditors:

Mazars LLP
Chartered Accountants & Statutory Auditor
Tower Bridge House St Katharine's Way London E1W 1DD

Directors' Report

The directors present their annual report and the consolidated financial statements of the Group for the year ended 30 November 2013.

Principal activity

Access Intelligence is a Software and Computer Services group of companies providing business critical compliance and legislative driven software solutions and services to both public and private sectors on a recurring revenue basis. Since the flotation on AIM in November 2003, the Group has made six acquisitions focused in the areas of compliance software and data backup and recovery. The Group has also sold 3 subsidiaries and had 4 dormant companies struck-off.

Review of business and future outlook

A review of the Group activities during the year and future outlook is set out in the Strategic Report and Chairman's statement on pages 6 to 10.

Results

The consolidated trading results for the year and the year-end financial position are shown in the financial statements on pages 20 to 24. The results for the year and future prospects are reviewed in the Strategic Report and Chairman's Statement on pages 6 to 10.

Directors' interests

The directors who have served during the year and details of their interests, including family interests, in the company's ordinary 0.5p shares at 30 November 2013 are disclosed below:
The high and low of the share price during the year were 4.75p and 2.13p respectively.

	30-Nov-13 Beneficial No.	30-Nov-13 Options No.	30-Nov-12 Beneficial No.	30-Nov-12 Options No.
M Jackson	22,585,858	7,808,103	22,585,858	7,808,103
J Hamer	6,401,762	2,100,000	6,401,762	2,100,000
D Lowe	4,597,475	1,841,897	4,597,475	1,841,897
J Arnold	5,000,000	3,000,000	Nil	2,000,000
H Bang	301,500	Nil	301,500	Nil
K Dhoot	1,800,000	2,000,000	1,800,000	2,000,000

Substantial shareholdings

Save for the directors' interests disclosed above together with the following shareholders, the directors are not aware of any other shareholdings representing 3% or more of the issued share capital of the company at the year end.

Investor	No. of shares	% holding	Nature of holding
Elderstreet VCT plc	33,005,000	14.04%	Direct
Octopus Asset Management Limited	23,873,000	9.73%	Direct
Unicorn AIM VCT Plc	21,400,200	9.10%	Direct
David Alderson	9,065,641	3.86%	Direct
Ray Jackson	8,917,682	3.79%	Direct
Maven Capital Partners	7,367,574	3.13%	Direct
Hargreave Hale	7,350,000	3.13%	Direct

In addition to the above the following substantial shareholders are also holders of the Convertible Redeemable Loan Instruments issued in June 2009 to support the acquisition of Ether Ray Ltd.

- Unicorn AIM VCT plc £750,000
- Elderstreet VCT plc £500,000

During November 2013, the company negotiated to extend those instruments held by Elderstreet VCT plc from a maturity of 30 June 2014 to a maturity of 31 December 2015. These instruments pay a coupon of 6% until 30 June 2014 and then 8% from 1 July 2014: on maturity these instruments are redeemable for cash on 31 December 2015 unless converted to equity prior to this date at 4p per share.

In March 2014, the remaining Unicorn AIM VCT plc, convertible loan notes were all extended on the same terms as those negotiated with Elderstreet VCT plc, as detailed above. Under IFRS, these notes are classified in the consolidated statement of financial position as current liabilities.

Elderstreet VCT plc is an AIM listed venture capital trust of which M Jackson is a non-executive director and is also a director of Elderstreet Investments Ltd, the manager to the Elderstreet VCT plc.

Dividends

In April 2013, a dividend was paid in respect of the year ended 30 November 2012 of 0.05p, giving a total payment of £116,000. In April 2012 a dividend was paid of 0.2p. The total payment was £455,000.

Due to the significant and ongoing investment in developing our products, the directors do not propose a dividend in respect of the year ended 30 November 2013.

Research & development and other technical expenditure

All subsidiaries are encouraged to invest in the development of their products continuously, though 2012 heralded the start of a significant investment phase, commencing with the creation of a centralised development centre based in York, which underpins cutting edge development methodologies across the Group. This development momentum gathered pace through 2013 and the Group engaged an average of 84 (2012: 75) technical staff who support both the existing product offering as well as developing it. In 2013 £4,151,000 (2012 £1,929,000) was spent across the Group on research and development and other technical expenditure. Of this £1,686,000 (2012: £706,000) was capitalised and the balance was expensed through the consolidated statement of comprehensive income. The increase reflects investments made at Group and subsidiary level in hiring specialists into dedicated roles such as developers, programme managers and quality assurance.

Our policy is to write development expenditure off to the consolidated statement of comprehensive income as incurred unless it relates to a new product that is yet to be launched or relates to fundamental innovations that meets accounting definitions in that they are technically feasible, commercially viable and resources exist to complete the development projects. In such cases the expenditure is capitalised and written-off over 5 years beginning with the first sale. This reflects the estimated useful life taking into account the more flexible, structured code using latest modular design techniques available.

Employee relations

The Group supports the employment of disabled people, wherever possible, both when recruiting and by retention of those who become disabled during their employment.

Appropriate steps are taken to inform and consult employees regarding matters affecting them and the Group.

The Group's policy regarding health and safety is to ensure that, as far as is practical, there is a working environment which will minimise the risk to the health and safety of its employees and those persons who are authorised to be on its premises.

The Group encourages staff progression and is introducing more formal training and development of key staff across the Group. Individual job related training is provided if needed and it is incumbent upon all managers to find time to mentor and develop their own staff.

The Group's remuneration policies are driven locally at subsidiary level to reflect circumstances prevailing in their local labour markets. Our sales teams earn sales commission on top of a competitive basic salary based on their individual targets. Incentives for all staff are encouraged and the managing directors' of each subsidiary have an annual profit sharing contract based upon the profitability of their subsidiary. Directors' remuneration is determined by the remuneration committee, details of which are included in note 6.

Environment

The Group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements regarding the environment in all areas where we carry out our business. During the period covered by this report the Group has not incurred any fines or penalties or been investigated for any significant breach of environmental regulations.

Social responsibility

The Group has made certain small donations during the year supporting local charities, individually each donation and in aggregate being less than £2,000. We encourage our staff to raise money for charities by supporting their endeavours both as a company or the directors individually.

Events after the balance sheet date

In March 2014, Unicorn AIM VCT plc agreed to extend the convertible loan notes which were due to mature on 30 June 2014. The extension means maturity will be for 18 months to 31 December 2015, during which time the coupon increases from 6% to 8% though conversion rights remain unchanged at 4p.

Share capital

Details of the company's share capital are set out in note 21 to the financial statements.

Share option plan

The company administers one approved option scheme called the Access Intelligence plc Management Incentive Scheme. The scheme was adopted at the AGM held on 22 April 2009 and is open to any eligible employee selected at the discretion of the board. The scheme period will extend for 10 years from the adoption date. The scheme rules are available at the Company's registered office. Details of the movement in options during the year are in note 22. In total 4,400,000 options were granted in the year and 3,381,318 were exercised.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.
Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under AIM rules the directors are required to prepare Group financial statements in accordance with IFRS as adopted by the EU.

The Group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and the 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.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for systems of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Mazars LLP have acted as auditors throughout the period and, in accordance with section 485 of the Companies Act 2006 a resolution to reappoint Mazars LLP will be put to the members at the forthcoming annual general meeting.

By order of the board

M Jackson

Director
Approved by the directors on 1 April 2014

Corporate Governance

Application of the principles of good governance

As an AIM listed company, the Group is not required by the Financial Conduct Authority Listing Rules to follow the provisions of the UK Corporate Governance Code. Nevertheless, the Group is committed to applying the principles of corporate governance commensurate with its size.

The board

At 30 November 2013, the board consisted of 3 non-executive directors and 3 executive directors being the Chairman, Chief Operating Officer and Chief Financial Officer. Given the group's size the board consider it appropriate that the Chairman's role is executive rather than non-executive. These board members retain responsibility for the formulation of corporate strategy, approval of acquisitions, divestments and major capital expenditure and treasury policy. The appointment of new directors is a matter reserved for the board as a whole rather than for a separate nomination committee.

The executive directors are responsible for operational matters and executing agreed strategic decisions.

The board meets monthly and has a schedule of matters specifically referred to it for decision. All directors have access to advice from the company secretary and training is available for directors as necessary.

Each member of the board comes up for re-election by the shareholders at annual general meetings every three years by rotation.

The board considers the non-executive directors to be independent and not involved in the day-to-day running of the business. Shareholdings of all directors can be found in the directors' report.

Internal control

The directors have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can only provide reasonable and not absolute assurance. The board has reviewed the operation and effectiveness of the system of internal control in operation during the period.

The board is also responsible for assessing and minimising all business risks, supported by group personnel able to provide specific assistance in matters relating to regulatory compliance, health and safety, environment, quality systems and insurance cover for property and liability risks.

Monthly accounts, with commentary on current year performance compared with planned performance, together with analysis and working capital information, are prepared in accordance with group accounting policies and principles. They are consolidated and reviewed by the board in order to monitor overall performance and trigger appropriate management intervention where applicable.

The board monitors the funding requirements and banking facilities provided to the Group in addition to the management of investment and treasury procedures. Capital and significant investment expenditure is approved against performance criteria.

The board has considered the need for an internal audit function but has concluded that the size of the Group does not justify the expense at present. The need for an internal audit function will continue to be reviewed periodically.

Audit committee

The audit committee is appointed by the board and must comprise a minimum of two members, including one non-executive director. J Hamer chairs the audit committee with M Jackson as the other member. The committee met on 2 occasions in 2013 (2012: 2).

The audit committee may examine any matters relating to the financial affairs of the Group. This includes reviews of the annual accounts and announcements, internal control procedures, accounting policies, compliance with accounting standards, the appointment of external auditors and other such related functions as the board may require.

The audit committee has given consideration to the possibility of their current auditor withdrawing from the market. The committee has a short list of suitable alternative auditors and would begin immediately to seek tenders as part of the process of appointing a replacement.

Remuneration committee

The remuneration committee consists of H Bang and M Jackson and is chaired by H Bang. The committee's aim is to ensure that the executive directors are rewarded for their contribution to the Group and are motivated to enhance the return to shareholders. The remuneration committee is responsible for reviewing the performance of the directors and setting their remuneration, and meets on an "as required" basis. The remuneration committee has regard to rates of pay for similar positions in comparable companies as well as internal factors such as performance. The objective of the company's remuneration policy is to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.

The directors are eligible for share options under the company's share option scheme. The exercise of options granted under this share option scheme is not dependent on performance criteria.

Full details of directors' remuneration are given in note 6 to the financial statements.

Nominations committee

The Group has not appointed a nominations committee despite the recommendation in the UK Corporate Governance Code. The board has concluded that given the size of the Group this function can be effectively carried out by the whole board.

Going concern

The Strategic Report and opening pages to the annual report discuss Access Intelligence's business activities and headline results, together with our financial statements and notes which detail the results for the year, net current liability position, cash flows for the year ended 30 November 2013 and the extension of the maturity of the convertible loan notes. The Board has further considered the two year budgets and further three year forecasts thereafter and consider the assumptions to be reasonable and reflective of the long term 'software as a service' contracts and contracted recurring revenue and have concluded that they have a reasonable expectation that the company and the Group 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.

Independent Auditor's Report to the Members of Access Intelligence Plc

We have audited the financial statements of Access Intelligence Plc for the year ended 30 November 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Access Intelligence Plc (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
• the Parent Company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Richard Metcalfe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Consolidated Statement of Comprehensive Income

Year ended 30 November 2013

	Note	**2013 £'000**	2012 £'000
Revenue	3	**8,388**	8,053
Cost of sales		**(2,245)**	(2,398)
Gross profit		**6,143**	5,655
Administrative expenses		**(6,026)**	(6,009)
Share-based payment	22	**(40)**	(36)
Operating profit/(loss) before impairment		**77**	(390)
Impairment of intangibles	12	**(2,607)**	-
Operating loss	5	**(2,530)**	(390)
Financial income	7	**10**	23
Financial expense	8	**(119)**	(130)
Loss before taxation		**(2,639)**	(497)
Taxation credit	9	**27**	383
Loss for the year attributable to the equity holders of the parent company		**(2,612)**	(114)
Other comprehensive income		**-**	-
Total comprehensive income for the period attributable to the owners of the parent company		**(2,612)**	(114)
Earnings per share			
Continuing operations			
Basic and diluted loss per share	11	**(1.11)p**	(0.05)p

The notes on pages 25 to 50 form part of these financial statements.

Consolidated Statement of Financial Position

At 30 November 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Property, plant and equipment	13	**617**	472
Intangible assets	12	**7,807**	8,846
Deferred tax assets	20	**610**	720
Total non-current assets		**9,034**	10,038
Current assets			
Inventories	14	**168**	191
Trade and other receivables	15	**2,023**	2,244
Current tax receivables		**337**	-
Cash and cash equivalents	23	**1,521**	2,772
Total current assets		**4,049**	5,207
Total assets		**13,083**	15,245
Current liabilities			
Trade and other payables	17	**1,030**	1,012
Accruals and deferred income		**3,414**	3,400
Interest bearing loans and borrowings	16	**754**	-
Total current liabilities		**5,198**	4,412
Non-current liabilities			
Trade and other payables	17	**-**	37
Interest bearing loans and borrowings	16	**507**	1,217
Deferred tax liabilities	20	**712**	494
Total non-current liabilities		**1,219**	1,748
Total liabilities		**6,417**	6,160
Net assets		**6,666**	9,085
Equity			
Share capital	21	**1,324**	1,286
Treasury shares		**(148)**	(148)
Share premium account		**224**	-
Capital redemption reserve		**191**	191
Share option reserve		**331**	284
Equity reserve		**126**	126
Retained earnings		**4,618**	7,346
Total equity attributable to the equity holders of the parent company		**6,666**	9,085

The consolidated financial statements were approved and authorised for issue by the board of directors on 1 April 2014 and signed on its behalf by:

M Jackson
Executive Chairman

The notes on pages 25 to 50 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 November 2013

	Share capital £'000	Treasury shares £'000	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
Group								
At 1 December 2011	1,286	(148)	-	191	226	126	7,915	9,596
Total comprehensive loss for the year	-	-	-	-	-	-	(114)	(114)
Transactions with owners								
Share-based payments - current year	-	-	-	-	36	-	-	36
Tax reversal relating to share-based payment	-	-	-	-	22	-	-	22
Dividends recognised as distributions to owners	-	-	-	-	-	-	(455)	(455)
At 30 November 2012	1,286	(148)	-	191	284	126	7,346	9,085
At 1 December 2012	1,286	(148)	-	191	284	126	7,346	9,085
Total comprehensive loss for the year	-	-	-	-	-	-	(2,612)	(2,612)
Transactions with owners								
Shares issued in year	38	-	-	-	-	-	-	38
Share premium on shares issued in year	-	-	224	-	-	-	-	224
Share-based payments - current year	-	-	-	-	40	-	-	40
Tax reversal relating to share-based payment	-	-	-	-	7	-	-	7
Dividends recognised as distributions to owners	-	-	-	-	-	-	(116)	(116)
At 30 November 2013	**1,324**	**(148)**	**224**	**191**	**331**	**126**	**4,618**	**6,666**

Share capital and share premium account

When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is taken to the share premium account. Access Intelligence plc shares have a nominal value of 0.5p per share. Directly attributable transaction costs associated with the issue of equity investments are accounted for as a reduction from the share premium account.

Treasury shares

Consequent to the acquisition of Cobent Ltd (now called AITalent Ltd) in March 2010 and the disappointing performance of the Company in our ownership a claim was made in September 2011 under the terms of the sale and purchase agreement. The settlement of this claim in September 2011 resulted in the return of 29,666,667 shares from the two major vendors representing £1,780,000 at the issue price of 6 pence per share.

The returned shares are now held in treasury and attract no voting rights. The return of shares has been accounted for in accordance with IAS 32 'Financial instruments: Presentation' such that the instruments have been deducted from equity with no gain or loss recognised in profit or loss.

Share option reserve

This reserve arises as a result of amounts being recognised in the income statement relating to share-based payment transactions granted under the Group's share option scheme. The reserve will fall as share options vest and are exercised over the life of the options.

Capital redemption reserve

This reserve arises as a result of keeping with the doctrine of capital maintenance when the company purchases and redeems its own shares. The amounts transferred into/out from this reserve from a purchase/redemption is equal to the amount by which share capital has been reduced/increased, when the purchase/redemption has been financed wholly out of distributable profits, and is the amount by which the nominal value exceeds the proceeds of any new issue of share capital, when the purchase/redemption has been financed partly out of distributable profits.

Equity reserve

The equity reserve arises as a result of the equity component that has been recognised on the convertible loan notes that have been issued by the Group (see the 'Interest bearing loans and borrowings' note). The reserve is determined by deducting the amount of the liability component from the fair value of the convertible loan notes as a whole, net of income tax effects and the relative proportion of the directly attributable transaction costs associated with the issue of the compound instruments.

Retained earnings

The retained earnings reserve records the accumulated profits and losses of the Group since inception of the business. Where subsidiary undertakings are acquired, only profits and losses arising from the date of acquisition are included.

Consolidated Statement of Cash Flow

Year ended 30 November 2013

	Note	2013 £'000	2012 £'000
Loss for the year		**(2,612)**	**(114)**
Adjusted for:			
Taxation		**(27)**	**(383)**
Depreciation and amortisation		**360**	**276**
Amortisation and impairment of intangible assets		**2,607**	**-**
Share option charge		**40**	**36**
Interest income		**(10)**	**(23)**
Interest expense		**119**	**130**
Loss on disposal of property, plant and equipment		**2**	**-**
Operating cash inflow/(outflow) before changes in working capital		**479**	**(78)**
(Increase) in trade and other receivables		**(116)**	**(555)**
Decrease in inventories		**23**	**62**
Increase in trade and other payables		**317**	**634**
Net cash inflow from operations before taxation		**703**	**63**
Taxation received		**45**	**20**
Net cash inflow from operations		**748**	**83**
Cash flows from investing			
Interest received		**10**	**23**
Acquisition of property, plant and equipment and software licences		**(389)**	**(462)**
Proceeds of release of escrow (2011 sale of subsidiary (net of costs))		**-**	**243**
Cost of software development		**(1,686)**	**(715)**
Net cash outflow from investing		**(2,065)**	**(911)**
Cash flows from financing activities			
Interest paid		**(76)**	**(80)**
Issue of shares and share option exercise proceeds		**262**	**-**
Repayment of borrowings		**(4)**	**(25)**
Payment of dividend		**(116)**	**(455)**
Net cash inflow/(outflow) from financing		**66**	**(560)**
Net decrease in cash and cash equivalents	23	**(1,251)**	**(1,388)**
Opening cash and cash equivalents		**2,772**	**4,160**
Closing cash and cash equivalents	23	**1,521**	**2,772**

The notes on pages 25 to 50 form part of these financial statements.

Notes to the Consolidated Statements

1. General information

Access Intelligence plc ('the Company') and its subsidiaries (together the 'Group') provide critical governance, risk and compliance software and computer services to regulated businesses in both the public and private sectors.

The Company is a public limited company under the Companies Act and is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of the Company's registered office is provided in the Officers and Professional Advisers page of this Annual Report.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS's') as adopted by the European Union, and with those parts of the Companies Acts applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Going concern

The Strategic Report and opening pages to the annual report discuss Access Intelligence's business activities and headline results, together with our financial statements and notes which detail the results for the year, net current liability position, cash flows for the year ended 30 November 2013 and the extension of the maturity of the convertible loan notes. The Board has further considered the two year budgets and further three year forecasts thereafter and consider the assumptions to be reasonable and reflective of the long term 'software as a service' contracts and contracted recurring revenue and have concluded that they have a reasonable expectation that the company and the Group 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.

Significant estimates and judgements

The areas involving a high degree of judgement or complexity and where key assumptions and estimates have been made by management relate to:

- the impairment testing of goodwill and capitalised development costs and other non-current assets, refer to note 12 for further details;
- the recognition of deferred tax assets in relation to losses (refer to note 20);
- the recoverability of trade receivables currently provided for (refer to note 15); and,
- the charge for share-based payment transactions which include assumptions on future share prices movements, expected future dividends, and risk-free discount rates, refer to note 22 for further details.

New standards and interpretations

The following standards, amendments and interpretations to published standards, have been adopted during the year.

IAS 12 (amendment) 'Income taxes' — Recovery of underlying assets — effective on or after 1 January 2012

The amendment states that the measurement of the associated deferred tax arising on investment properties that are measured using the fair value model under IAS 40 'Investment properties' should reflect the presumption that the carrying amount of the underlying asset will, normally, be recovered through sale rather than use.

IAS I (amendment) 'Presentation of Financial Statements' — Revision to items presented within other comprehensive income — effective on or after 1 July 2012

The amendment states that items presented within other comprehensive income in the Statement of Comprehensive Income should be grouped together for those that may be reclassified to the profit or loss section, and those that may never be reclassified. The amendment also requires income tax which arises on the items of other comprehensive income, to be presented in line with the appropriate grouping. The amendment will therefore result in presentational changes for items of other comprehensive income on the face of the Statement of Comprehensive Income.

New standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company does not intend to adopt those standards until they become effective.

Standards not expected to have a significant impact on the group or are not applicable

The following standards are not expected to have a significant impact on the group or are not applicable: IAS 1 (amendment) 'Presentation of Financial Statements', IAS 12 (amendment) 'Income taxes' — Recovery of underlying assets IAS 19 (amendment) 'Employee Benefits', IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine', - IFRS 7 (amendment) 'Financial instruments: Disclosure' Offsetting financial assets and financial liabilities, IAS 32 (amendment) 'Financial instruments: Presentation', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Revised), IFRS 10 (amendment) 'Consolidated financial statements', IFRS 11 (amendment) 'Joint arrangements' and IFRS 12 (amendment) 'Disclosure of interest in other entities', IFRS 10 (amendment) 'Consolidated financial statements', Investment entities, IFRIC 21 'Levies' and IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement', Novation of derivatives.

Improvements to IFRS (May 2012) – effective on or after 1 January 2013

There have been various amendments made to existing standards and interpretations as a result of the May 2012 improvements to IFRS, which provide clarifications to existing requirements. Amendments have been made to the following standards:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards' – clarifies whether or not an entity may apply IFRS 1. The improvement also focused on clarification of borrowing costs upon transition from previous GAAP to IFRS.
- IAS 1 'Presentation of Financial Statements' – clarification on the minimum and the additional comparative information that is required to be presented in a set of financial statements.
- IAS 16 'Property, Plant and Equipment' – clarification that servicing equipment should be recognised in accordance with IAS 16 when they meet the definition of property, plant and equipment.
- IAS 32 'Financial Instruments: Presentation' – clarification that income tax relating to the distribution to holders of equity instruments should be accounted for in accordance with IAS 12 rather than IAS 32.
- IAS 34 'Interim Financial Reporting' – clarification of the requirements on segment information for total assets and liabilities for each reportable segment.

Annual Improvements to IFRSs: 2009-2011 Cycle : Spare parts, stand-by and servicing equipment (IAS 16:8)
The requirements of IAS 16:8 reflect amendments made by Annual Improvements to IFRSs: 2009-2011 Cycle (the 2009-2011 Improvements) issued in May 2012. The amendments are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. An entity should apply the amendments retrospectively as a change in accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
Previously, IAS 16:8 stated that spare parts would usually be carried as inventories and recognised as an expense as they are consumed. The 2009-2011 Cycle Annual Improvements determine that major spare parts and stand-by equipment would qualify for recognition as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment could be used only in connection with a particular item of property, plant and equipment, they would be accounted for as property, plant and equipment. The evaluation of the effect of the adoption of this standard has not yet been completed.

Future standards under evaluation

The following standards are undergoing evaluation to assess their applicability and impact on the financial statements:

IAS 36 (amendment) 'Impairment of Assets', Recoverable amounts disclosures for non-financial assets – effective on or after 1 January 2014

The issue of IFRS 13 'Fair Value Measurement' resulted in changes to the disclosures required by the standard that were broader than intended. The intention had been to require disclosure of the recoverable amount of an asset (including goodwill), or a cash-generating unit, for which a material impairment loss was recognised or reversed during the reporting period, where the recoverable amount is based on fair value less cost to sell. This amendment updates the wording to reflect these original intentions. The amendment also introduces a new requirement to disclose the discount rate used where present value techniques are used to establish recoverable amount.

IFRS 9 'Financial instruments: Classification and measurement' – effective on or after 1 January 2015

The standard is the first step in the process to replace IAS 39, 'Financial instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities and is likely to affect the accounting for financial instruments. In particular:
- For financial assets, there are no longer the 'held-to-maturity' and 'available-for-sale' classifications and consequently IFRS 9 requires financial assets to be classified into three measurement categories only: those measured at fair value though profit and loss, fair value through other comprehensive income and those measured at amortised cost. The classification, which is to be made at initial recognition, depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- For financial liabilities, IFRS 9 retains most of the current requirements, however the main amendment relates to where the fair value option is taken. The change in fair value due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group/Company is yet to assess the full impact of IFRS 9 as the IASB have yet to finalise the standard in its entirety. Also, subject to the standard being finalised, the European Union have postponed their endorsement process and therefore the Group/Company are unlikely to carry out an impact assessment until the final publication of IFRS 9.

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all of its subsidiary undertakings made up to the financial year end. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments are made where necessary to bring the accounting policies of acquired businesses into alignment with those of the Group.

The results of subsidiary undertakings acquired or disposed of in the year are included in the Group statement of comprehensive income from the effective date of acquisition or to the effective date of disposal. Accounting policies are consistently applied throughout the Group. Inter-company balances and transactions have been eliminated. Material profits from inter-company sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

Property, plant and equipment

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

Depreciation is charged to the income statement on both a straight-line and reducing balance basis over the estimated useful lives of fixtures, fittings and equipment taking into account any estimated residual value. The estimated useful lives are as follows:

Fixtures, fittings and equipment - 3 - 5 years
Leasehold improvements - over lease term

Intangible assets

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units and is not amortised, but is tested annually for impairment.

In respect of acquisitions prior to 1 December 2006, goodwill is included at 1 December 2006 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased.

Research and development expenditure

Expenditure identified as development expenditure being costs incurred on clearly defined unique projects whose outcome can be assessed with reasonable certainty and which are expected to lead to new products and revenue streams is measured at cost less accumulated amortisation and accumulated impairment losses. Where development expenditure does not meet these requirements it is recognised as an expense in the period it is incurred.

Amortisation will be calculated so as to write off the cost of an asset over the useful economic life of that asset. In 2013 there were four (2012; four) capitalised development projects. The directors assess the useful life of the current capitalised development projects to be 5 years from the date of the first sale or when benefits begin to be realised and amortisation will begin at that time.

Brand value

Acquired brands, which are controlled through custody or legal rights and could be sold separately from the rest of the Group's businesses, are capitalised where fair value can be reliably measured. The Group applies a 20 year straight line amortisation policy on all brand values.

The brand equity in each case has been built up over a 5-10 year period addressing the needs of two large global markets that have yet to reach maturity. In the event that the developed world became saturated it is the directors' view that the developing world will soon find a need for such products. The conclusion is that a realistic life for the brand equity would be a 'generation' or 20 years. Where there is an indication of impairment, the directors will perform an impairment review by analysing the future discounted cash flows over the remaining life of the brand asset to determine whether impairment is required.

On the acquisition of Cobent Ltd (now called AI Talent Ltd), brand value of £169,000 was ascribed to the Cobent brand. In 2012, Cobent was rebranded AI Talent and in 2013 'Cobent' was no longer used and accordingly, the board have decided to write off the remaining carrying value of the brand, representing £145,000.

Software licences

Software licences include software that is not integral to a related item of hardware. These items are stated at cost less accumulated amortisation and any impairment. Amortisation is calculated on a straight line basis over the estimated useful economic life. Although perpetual licences are maintained under support and maintenance agreements, a useful economic life of 5 years has been determined.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based upon the value in use.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount is the higher of the fair value less costs to sell and value in use of the cash generating unit containing the goodwill or intangible assets with an indefinite useful live.

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

Impairment losses recognised in respect of cash-generating units are allocated first to the carrying amount of the goodwill allocated to that cash-generating unit and then to the carrying amount of the other assets in the unit on a pro rata basis, applied in priority to non-current assets ahead of more liquid items. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is determined on a first in first out (FIFO) basis and is calculated as the cost of materials, direct labour and appropriate production overheads based on normal capacity levels. Net realisable value is based on estimated selling price less additional costs to completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables and other financial liabilities.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or are cancelled.

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Specific impairment provisions are made when management consider the debtor irrecoverable and these are charged to the income statement. Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments.

Loans and borrowings and other financial liabilities, which include the convertible redeemable loan notes, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense is measured on an effective yield basis and recognised in the income statement over the relevant period.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based upon their relative carrying amounts at the date of issue. The portion relating to the equity component is recognised in equity.

Finance payments associated with financial liabilities are dealt with as part of finance expenses.

The Group may enter into derivative financial instruments for risk management purposes. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value with gains and losses recognised through profit or loss. The Group does not hold or issue derivative financial instruments for trading purposes.

Convertible loan notes

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, in the case of a convertible loan note denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated at the present value of the stream of future cash flows (including both coupon payments and redemption) discounted at the market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component and deferred tax liability from the fair value of the compound instrument as a whole. This is recognised and included in equity, and is not subsequently re-measured.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based upon their relative carrying amounts at the date of issue.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These equity-settled share-based payments are measured at fair-value at the date of the grant. Where material, the fair value as determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black–Scholes method. The charges to the profit and loss rest in the subsidiary employing the executive concerned.

Employee benefits

Individual subsidiaries of the Group operate defined contribution pension schemes for their employees. The assets of the schemes are not managed by the Group and are held separately from those of the Group. The annual contributions payable are charged to the income statement when they fall due for payment.

Revenue

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax. The methodology applied to income recognition is dependent upon the goods or services being supplied.

In respect of income relating to annual service contracts and/or hosted services which are invoiced in advance, it is the Group's policy to spread the income of each contract equally over the contract's life. The full value of each sale is credited to deferred revenue when invoiced to be released to the statement of comprehensive income in equal installments over the contract period.

Revenues from the delivery of infrastructure are recognised on installation with associated training and consultancy fees recognised when specified contractual milestones are met or on project completion. In the event that these services are invoiced in advance they will be credited to deferred revenue and released to the comprehensive income statement once delivered.

Income from the sale of licences is recognisable in full at the date of sale.

Operating lease payments

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

Finance income and finance expenses

Finance income and finance expenses are recognised in profit or loss as they accrue, using the effective interest method.

Finance income relates to interest income on the Group's bank account balances.

Interest payable comprises interest payable or finance charges on loans classified as liabilities.

In relation to interest relating to the convertible redeemable loan notes, the charge to the profit and loss account is an 'effective interest charge' over the period as opposed to the actual interest paid or payable. The effective interest charge is higher than the actual interest paid.

Dividend distributions

Dividend distributions are recognised as transactions with owners on payment.

3. Revenue

The Group's revenue is primarily derived from the rendering of services with the value of sales of goods being not significant in relation to total Group revenue.

The Group's revenue was split into the following territories:

	2013 £'000	**2012 £'000**
United Kingdom	**7,898**	7,412
European Union	**186**	182
Rest of the world	**304**	459
	8,388	8,053

All non-current assets are held in the United Kingdom as they were in 2012. No customer represents 10% or more of revenue as was the case in 2012.

4. Segment reporting

Segment information is presented in respect of the Group's operating segments which are based upon the Group's management and internal business reporting.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

Segment non-current asset additions show the amounts relating to property, plant and equipment and intangible assets including goodwill.

Operating segments

The Group operating segments have been decided upon according to their revenue model and product or service offering being the information provided to the chief operating decision maker, the executive Chairman. The software as a service segment derives its revenues from software licence sales and support and training revenues. The IT support services revenue derives from maintenance and back-up services. The segments are:

- Software as a service
- IT support services
- Division in recovery — AITalent Ltd
- Head Office

The segment information for the year ended 30 November 2013, is as follows:

2013	Software as a service £'000	IT support services £'000	Head office £'000	AI Talent Ltd (Cobent Ltd) £'000	Consolida-tion adjust-ment £'000	Total £'000
External revenue	5,648	2,089	-	651	-	8,388
Internal revenue	-	294	-	-	(294)	-
Operating profit/(loss)	1,596	178	(1,369)	(264)	(64)	77
Impairments	(655)			(1,952)		(2,607)
Finance income	9	-	1	-	-	10
Finance costs	-	-	(119)	-	-	(119)
Taxation	(39)	-	-	66	-	27
Profit from discontinued operations			-			-
Profit/(loss) after taxation	911	178	(1,487)	(2,150)	(64)	(2,612)
Reportable segment assets	9,756	1,888	11,671	542	(10,774)	13,083
Reportable segment liabilities	4,305	1,252	5,969	1,595	(6,704)	6,417
Other information:						
Additions to property, plant and equipment	65	142	160	1	(7)	361
Depreciation and amortisation	115	99	83	6	57	360

The segment information for the year ended 30 November 2012, is as follows:

2012	Software as a service £'000	IT support services £'000	Head office £'000	AI Talent Ltd (Cobent Ltd) £'000	Consolidation adjustment £'000	Total £'000
External revenue	5,343	1,736	-	974	-	8,053
Internal revenue	-	263	-	-	(263)	-
Operating profit/(loss)	1,072	173	(1,365)	(236)	(34)	(390)
Finance income	11	1	11	-	-	23
Finance costs	-	-	(125)	(5)	-	(130)
Taxation	107	10	210	19	37	383
Profit from discontinued operations			-			-
Profit/(loss) after taxation	1,190	184	(1,269)	(222)	3	(114)
Reportable segment assets	8,001	1,458	10,545	501	(5,260)	15,245
Reportable segment liabilities	3,479	849	4,529	1,255	(3,952)	6,160
Other information:						
Additions to property, plant and equipment	67	129	212	3	(34)	377
Depreciation and amortisation	152	77	33	14	-	276

5. Operating loss

Operating loss is stated after charging:

	2013 £'000	2012 £'000
Depreciation of property, plant and equipment	**214**	154
Amortisation of development costs	**48**	37
Amortisation of brand values	**69**	68
Amortisation of software licences	**30**	17
Loss on disposal of property, plant and equipment	**2**	-
Impairment of intangibles	**2,607**	-
Exceptional costs (see below)	**139**	446
Operating lease charges - land and buildings	**433**	398
Auditor's remuneration (see below)	**55**	60
Share based payments	**40**	36
Research and development and other technical expenditure	**2,465**	1,224
(a further £1,686k (2012: £706k) was capitalised)		
Cost of inventories	**422**	400
(Release of)/increase in provision for receivables	**(139)**	50

Exceptional costs in the year ended 30 November 2013 were incurred as a result of restructuring, incurring non-recurring one off termination of employment costs for staff and a director and associated legal fees; residual costs of closure and relocation of AITrackRecord Ltd's office to the York Development Centre and non-recurring costs incurred in setting up the new head office in London. The exceptional costs are made up of the following:

	2013 £'000	2012 £'000
Compensation for loss of office - director	**4**	-
Compensation and notice payments - all staff	**34**	180
Recruitment and temporary staff fees	**-**	213
Legal costs incurred on compensation of loss of office for a director	**10**	-
Legal costs on the sale and purchase agreement & onerous lease termination	**91**	53
	139	446

Auditor's remuneration is further analysed as:

	2013 £'000	2012 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**14**	15
The audit of the Company's subsidiaries, pursuant to legislation	**31**	35
Tax services	**9**	10
	54	60

6. Particulars of employees

	2013	2012
The average number of persons (including directors) employed by the Group during the year was:		
Selling, distribution and administration	**49**	46
Technical	**77**	58
	126	104

Costs incurred in respect of these employees were:

	2013 £'000	2012 £'000
Wages and salaries costs	**4,559**	4,342
Social security costs	**690**	541
Pension costs	**78**	58
Health insurance	**60**	24
Employee benefits	**9**	7
Compensation for loss of office	**38**	180
	5,434	5,152

The compensation for loss of office charge of £38,000 (2012: £180,000) relates to 6 employees (2012: 3 employees) who were made redundant during the year.

The key management personnel are considered to be comprised of the Company directors, the remuneration for whose services during the year are detailed in the table below.

Directors' remuneration

	Salaries £	Fees £	**2013 £**	2012 £
Executive Directors				
M Jackson	20,000	-	**20,000**	3,333
J Arnold	150,000	-	**150,000**	125,000
K Dhoot	90,000	-	**90,000**	100,962
Non Executive Directors				
J Hamer	10,000	-	**10,000**	25,833
D Lowe	15,000	-	**15,000**	13,312
R Jackson	10,000	5,250	**15,250**	33,569
H Bang	15,000	-	**15,000**	16,250
	310,000	5,250	**315,250**	318,259

R Jackson left the company and ceased to be a director in April 2013. During the time to this point he received: £nil (2012: £nil) in health and insurance benefits paid through Solcara Ltd.

J Arnold and K Dhoot received health insurance benefits during the year of £957 (2012: £91) and £1,775 (2012: £137) respectively.

J Arnold and K Dhoot received payments into personal retirement money purchase pension schemes during the year of £5,275 (2012: £312) and £5,275 (2012: £416) respectively.

No other directors received any other benefits other than those detailed above.

The number of directors at 30 November 2013 accruing retirement benefits under money purchase schemes was 2 (2012: 2).

The interests of the directors in share options are detailed in the Directors' Report on page 12 of this report.

7. Financial income

	2013 £'000	2012 £'000
Interest receivable on bank accounts	**10**	23

8. Financial expense

	2013 £'000	2012 £'000
Effective interest charged on convertible loan notes	**119**	111
Other interest payable	**-**	19
	119	130

9. Taxation

	2013 £'000	2012 £'000
Current income taxes credit:		
UK corporation tax credit for the year	**(226)**	-
Adjustment in respect of prior year	**(136)**	(10)
Total current income tax credit	**(362)**	(10)
Deferred tax (note 20)		
Impact of change in tax rate	**(21)**	(11)
Origination and reversal of temporary differences	**356**	(362)
Total deferred tax	**335**	(373)
Total tax credit	**(27)**	(383)

As shown above the tax assessed on the loss on ordinary activities for the year is lower than (2012: higher than) the standard rate of corporation tax in the UK of 23.3% (2012: 24.7%).

The differences are explained as follows:

Factors affecting tax credit	2013 £'000	2012 £'000
Loss on ordinary activities before tax	**(2,639)**	(497)
Loss on ordinary activities by effective rate of tax of 23.3% (2012: 24.7%)	**(616)**	(122)
Expenses not deductible for tax purposes	**34**	22
Adjustment in respect of prior year	**(136)**	(10)
Additional R&D claim CTA 2009	**691**	(273)
Total tax credit	**(27)**	(383)

Factors that may affect future tax expenses
In March 2013 the Chancellor proposed changes to further reduce the main rate of corporation tax by 2% to 21% from 1 April 2014 and by a further 1% from April 2015. These changes become substantively enacted on 2 July 2013 and therefore the effect of the rate reductions on deferred tax balances as at 30 November 2013 have been included in the figures above. All deferred tax assets and liabilities are assumed to reverse or be utilised at 20%.

10. Dividend paid

In April 2013, a dividend was paid in respect of the year ended 30 November 2012 of 0.05p, giving a total payment of £116,000. In April 2012 a dividend was paid of 0.2p. The total payment was £455,000.

Due to the significant and ongoing investment in developing our products, the directors do not propose a dividend in respect of the year ended 30 November 2013.

11. Earnings per share

The calculation of earnings per share is based upon the loss after taxation of £2,612,000 (2012: loss of £114,000) divided by the weighted average number of ordinary shares in issue during the year which was 233,560,576 (2012: 227,604,029).

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 233,560,576 (2012: 227,604,029). In 2013 and 2012 potential ordinary shares from the share option schemes and convertible loan notes have an anti-dilutive effect due to the Group being in a loss position. As a result, dilutive loss per share is disclosed as the same value as basic loss per share.

This has been computed as follows:

		2013			2012	
	Loss after tax £'000	**Weighted average no of shares**	**Loss per share (pence)**	**Loss after tax £'000**	**Weighted average no of shares**	**Loss per share (pence)**
Loss attributable to ordinary shareholders	(2,612)	235,110,347	(1.11)	(114)	227,604,029	(0.05)
Dilutive effect of options	n/a	n/a	n/a	n/a	n/a	n/a
Dilutive effect of loan note conversion	n/a	n/a	n/a	n/a	n/a	n/a
Diluted loss per share for the year	(2,612)	235,110,347	(1.11)	(114)	227,604,029	(0.05)

On the 21 September 2011 29,666,667 shares were returned to the Company and were held in Treasury at the year end. Once in treasury they were removed from the earnings per share calculation.

The total number of options and warrants granted at 30 November 2013 of 39,396,281 would generate £1,198,188 in cash if exercised. At 30 November 2013, 10,596,281 were priced above the mid-market closing price of 2.75p per share and 28,800,000 were below.

At the 30 November 2013 7,407,387 staff options were eligible for exercising at an average price of 4.3p. Also eligible for exercising are the 21,300,000 warrants priced at 2.75p per share held by M Jackson, D Lowe and Elderstreet VCT plc consequent to their investment in October 2008.

All of the outstanding loan notes, (£750,000 in favour of Unicorn AIM VCT plc and £500,000 in favour of Elderstreet VCT) will be redeemed at par or convert to a total of 31,250,000 shares on 31 December 2015.

12. Intangible fixed assets

	Brand value £'000	Goodwill £'000	Development costs £'000	Software licences £'000	Total £'000
Cost					
At 1 December 2011	1,369	12,005	727	-	14,101
Capitalised during the year	-	-	706	132	838
At 30 November 2012	1,369	12,005	1,433	132	14,939
At 1 December 2012	1,369	12,005	1,433	132	14,939
Capitalised during the year	-	-	1,686	28	1,714
At 30 November 2013	**1,369**	**12,005**	**3,119**	**160**	**16,653**
Amortisation and impairment					
At 1 December 2011	68	5,550	353	-	5,971
Amortisation in year	68	-	37	17	122
At 30 November 2012	136	5,550	390	17	6,093
At 1 December 2012	136	5,550	390	17	6,093
Amortisation in year	68	-	48	30	146
Impairment in year	145	2,428	34	-	2,607
At 30 November 2013	**349**	**7,978**	**472**	**47**	**8,846**
Net Book Value					
At 30 November 2013	**1,020**	**4,027**	**2,647**	**113**	**7,807**
At 30 November 2012	1,233	6,455	1,043	115	8,846

Annual impairment testing for cash-generating units ("CGUs") containing goodwill and capitalised development costs not yet available for use
For the purpose of impairment testing, goodwill is allocated by entity, which represent the Group's CGUs and the lowest level within the Group at which the goodwill is monitored.

The pre-impairment carrying amounts of goodwill and capitalised development costs not yet available for use allocated to each CGU are:

Pre-impairment 2013	**Capitalised Development Costs £'000**	**Goodwill £'000**	**Total £'000**
Software as a service:			
Access Intelligence plc	**7**	**89**	**96**
Due North Ltd	**1,674**	**1,033**	**2,707**
Access Intelligence Media & Communications Ltd	**352**	**1,928**	**2,280**
AITrackRecord Ltd	**612**	**-**	**612**
	2,645	**3,050**	**5,695**
IT Support Services - Willow Starcom Ltd	**-**	**800**	**800**
Division in recovery - AI Talent Ltd	**36**	**2,605**	**2,641**
	2,681	**6,455**	**9,136**

Pre-impairment 2012	Capitalised Development Costs £'000	Goodwill £'000	Total £'000
Software as a service:			
Access Intelligence plc	37	89	126
Due North Ltd	988	1,033	2,021
Access Intelligence Media & Communications Ltd	5	1,928	1,933
AITrackRecord Ltd	1	-	1
	1,031	3,050	4,081
IT Support Services - Willow Starcom Ltd	-	800	800
Division in recovery - AI Talent Ltd	12	2,605	2,617
	1,043	6,455	7,498

At the balance sheet date, impairment tests were undertaken by comparing the carrying values of goodwill, capitalised development costs and other assets with the recoverable amount of the CGU to which the goodwill, capitalised development costs and other assets have been allocated. The recoverable amount of the CGU is based on value-in-use calculations. These calculations use pre-tax cash flow projections covering a five year period based on financial budgets and forecasts approved by management with a terminal value.

The key assumptions used for value-in-use calculations are those regarding revenue growth rates and discount rates over the forecast period. Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. Growth rates are based on past experience, the anticipated impact of the CGUs significant investment in research and development, the strengthening of the management team and corporate support resources over the past year and expectations of future changes in the market. The value in use calculations use information from approved budgets in the first two years, followed by applying specific growth rates for years 3 to 5 and a terminal value growth rate thereafter. The key assumptions in the value in use calculations, analysed by CGU are:

	Access Intelligence plc	Due North Ltd	Access Intelligence Media & Communications Ltd	Willow Starcom Ltd	AI Talent Ltd
Annual revenue growth rate (years 3 to 5)	3%	9%	7%	3%	11%

The discount rate used for all companies was between 11% and 13%, depending on the risk profiles for each CGU and varying growth rates to the cost base of each CGU have been applied commensurate to deliver the revenue projected. The terminal growth rate used was 2.5%.

The above assumptions provide impairment charges against goodwill as follows:
- Due North £620,000
- AI Talent £1,808,000

The circumstances and events giving rise to the impairment charges include below budget performance of these entities for the year ended 30 November 2013 and revisions of estimates of future growth rates.

Other impairments

Other intangible assets are tested for impairment if indicators of an impairment exist. Such indicators include performance falling short of expectation.

In 2013, development costs of £34,000 were impaired to take account of a project that did not generate the expected revenues. Additionally, the directors impared the brand value of Cobent, the former and no longer used name of AI Talent Ltd. The impairment charge arising was £145,000.

The directors considered that there were no further indicators of impairment relating to the remaining intangible fixed assets at 30 November 2013.

13. Property, plant & equipment

	Fixtures fittings and equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 December 2011	827	19	846
Additions	313	64	377
Disposals	(23)	-	(23)
At 30 November 2012	1,117	83	1,200
At 1 December 2012	1,117	83	1,200
Additions	340	21	361
Disposals	(160)	-	(160)
At 30 November 2013	**1,297**	**104**	**1,401**
Depreciation			
At 1 December 2011	586	11	597
Charge for the year	151	3	154
Disposals	(23)	-	(23)
At 30 November 2012	714	14	728
At 1 December 2012	714	14	728
Charge for the year	212	2	214
Disposals	(158)	-	(158)
At 30 November 2013	**768**	**16**	**784**
Net Book Value			
At 30 November 2013	**529**	**88**	**617**
At 30 November 2012	403	69	472

In the year ended 30 November 2013, additions to leasehold improvements is net of a contribution from the landlord of £46,000.

14. Inventories

	2013 £'000	2012 £'000
Spare parts servicing maintenance contracts	**168**	191

15. Trade and other receivables

	2013 £'000	2012 £'000
Current assets		
Trade receivables	**1,510**	2,054
Less: provision for impairment of trade receivables	**(181)**	(320)
	1,329	1,734
Prepayments and other receivables	**694**	510
	2,023	2,244

As at 30 November 2013, trade receivables of £181,000 (2012: £320,000) were impaired and fully provided for. The provision relates primarily to monies owed by Organisation Metrics Inc, a company based in Canada. We have via a lengthy legal process received a court judgement and have agreed a payment plan over the next three years for monies owed including interest. However, due to the uncertainty over the adherence to the payment plan and continuous chasing for payment with the added threat of foreclosure, management consider it appropriate to only recognise the payments on a cash basis at this stage.

All trade receivables are reviewed by management and are considered collectible. The ageing of trade receivables which are past due and not impaired is as follows:

	2013 **'000**	2012 £'000
Days outstanding:		
31–60 days	**431**	567
61–90 days	**878**	527
	1,309	1,094

Movements on the Group provision for impairment of trade receivables are as follows:

	2013 **£'000**	2012 £'000
At 1 December	**320**	270
Movement on the provision for receivables	**(139)**	50
Receivables written off during the year	**-**	-
At 30 November	**181**	320

Ageing on impaired debt	**2013** **£'000**	2012 £'000
Days outstanding:		
90–180 days	**-**	-
181–270 days	**-**	-
Above 270 days	**181**	320
	181	320

The creation and release of a provision for impaired receivables has been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off, where there is no expectation of recovering additional cash.

The other asset classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above together with our cash deposits totaling £1,521,000 (2012: £2,772,000). The Group does not hold any collateral as security.

As disclosed in note 19, credit risk is considered according to sector and necessary allowances are made when needed by assessing changes in our customers' credit profiles and credit ratings.

16. Interest bearing loans and borrowings

	2013 **£'000**	2012 £'000
Current		
Convertible loan notes	**754**	-
Non-current		
Convertible loan notes	**507**	1,217

On 30 June 2009 £1,750,000 convertible loan notes were issued. At the start of year, £1,250,000 of these loan notes were in issue, and were redeemable at par or convertible to ordinary shares at 4p per ordinary share on or before maturing 30 June 2014 and carry a coupon of 6% per annum, payable semi-annually until such time as they were repaid or converted in accordance with their terms. The holders of the notes may convert all or part of the notes held by them into new ordinary shares in the Company on delivery to the Company of a conversion notice, at 4 pence per share.
In November 2013, the Company agreed terms with Elderstreet VCT (a company related to the Chairman, Mr Michael Jackson), to extend the loans for 18 months, such that they mature on 31 December 2015, with enhanced interest at 8% during this extended period with conversion rights unchanged at 4 pence per share. These notes are classified as non-current at the year end.

In March 2014, the Company agreed the same terms as those agreed with Elderstreet VCT, with the other incumbent note-holder, Unicorn AIM VCT plc. Accordingly, these notes are classified as current notes at the year end, however, these notes are redeemable at par or convertible to ordinary shares at 4p per ordinary share on or before maturing 31 December 2015 and carry a coupon of 6% until 30 June 2014, thereafter 8% per annum, payable semi-annually until such time as they were repaid or converted in accordance with their terms. The holders of the notes may convert all or part of the notes held by them into new ordinary shares in the Company on delivery to the Company of a conversion notice, at 4 pence per share.

No redemptions or conversions of the convertible loan stock arose in the year ended 30 November 2013.

The net proceeds received from the issues of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

	2013 £'000	2012 £'000
Proceeds of issue of convertible loan notes	**1,250**	1,250
Equity component	**(126)**	(126)
Deferred taxation	**(49)**	(49)
Initial fair value of liability component	**1,075**	1,075
Cumulative interest charged	**486**	367
Cumulative interest paid	**(300)**	(225)
Liability component at 30 November	**1,261**	1,217

The equity component of £126,000 (2012: £126,000) has been credited to equity reserve (see note 10 of the parent Company). The interest charged for the year is calculated by applying an effective rate of interest of 9.8% to the liability component for the 12 month period. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 30 November 2013 represents the effective interest rate less interest paid to that date.
The movement on the convertible loan note liability is summarised below:

	2013 £'000	2012 £'000
Opening loan liability	**1,217**	1,181
Interest charged for the year	**119**	111
Interest paid in the year	**(75)**	(75)
Liability component at 30 November	**1,261**	1,217

17. Trade and other payables

Due within one year	**2013 £'000**	2012 £'000
Trade and other payables	**695**	620
Other taxes and social security costs	**142**	154
VAT payable	**193**	238
	1,030	1,012

Due greater than one year	**2013 £'000**	2012 £'000
Trade and other payables	**-**	37

18. Financial instruments

The Group's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the Group's requirements. The Group uses financial instruments comprising borrowings, cash, liquid resources and items such as trade receivables and payables that arise directly from its operations. The main risks arising from the Group financial instruments relate to the maintaining of liquidity across the 6 group entities and debt collection. The board reviews policies for managing each of these risks and they are summarised below.

The Group finances its operations through a combination of cash resources, loan notes and equity. Short term flexibility is provided by moving resources between the individual subsidiaries. Exposure and interest rate fluctuations are minimal as all borrowings are at fixed rates of interest. The Group also has deposit facilities on which 1.25% interest was being earned throughout 2013 (2012: 1.25%) and will be optimising the use of these accounts going forward. In 2013, the Group's investment in developing its products resulted in lower cash resources resulting in the reduction in interest received.

Small amounts of foreign currency risks exist in 2 subsidiaries both of whom invoice in currencies other than sterling. Due to the relative size of the currency risks concerned no hedging takes place in Australian dollars or US dollars. At the year end there were no open contracts, however the Group was holding a US dollar deposit of $3,000 (2012: $24,000) which was translated at the rate of 1.6348 (2012:1.5935) for inclusion in the consolidated statement of financial position. This amounted to £2,000 (2012: £15,000). There are no hedges against this balance.

The Group did not hold any other assets or liabilities in foreign denominated currencies at the reporting date. The directors do not consider that there is a significant exposure to foreign exchange risk and therefore no sensitivity analysis has been performed.

At 30 November 2013 borrowings comprised convertible loan notes of £1,250,000 (2012: £1,250,000). Both of these loan notes, £750,000 an £500,000 loan notes have been extended and will convert to equity on 31 December 2015 at 4 pence per share unless they have already been redeemed at par.

There is no material difference between the fair values and book values of the Group's financial instruments. Short term trade receivables and payables have been excluded from the above disclosures.

The objectives of the Group's treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flow of the Group. Interest income is sought wherever possible and in 2013 produced £10,000 (2012: £23,000) of income.

The Group's principal financial instruments for fundraising are through share issues:

	Loans, receivables and other payables £'000	**Total £'000**
2013		
Assets per the balance sheet		
Trade and other receivables excluding prepayments	**1,329**	**1,329**
Cash and cash equivalents	**1,521**	**1,521**
	2,850	**2,850**
Liabilities per the balance sheet		
Trade and other payables excluding accruals	**1,030**	**1,030**
Interest bearing loans and borrowings	**1,261**	**1,261**
	2,291	**2,291**
Undiscounted contractual maturity of financial liabilities		
Amounts due within one year		**1,030**
Amounts due between one and five years		**-**
Amounts that convert to equity		**1,261**
Financial liabilities carrying value		**2,291**

The above analysis excludes corporation tax receivable.

	Loans, receivables and other payables £'000	Total £'000
2012		
Assets per the balance sheet		
Trade and other receivables excluding prepayments	1,824	1,824
Cash and cash equivalents	2,772	2,772
	4,596	4,596
Liabilities per the balance sheet		
Trade and other payables excluding accruals	2,686	2,686
Interest bearing loans and borrowings	1,217	1,217
	3,903	3,903

Undiscounted contractual maturity of financial liabilities	
Amounts due within one year	2,649
Amounts due between one and five years	37
Amounts that convert to equity	1,217
Financial liabilities carrying value	3,903

The liquidity risk relating to the contractual liabilities listed above is managed on a local basis through their day to day cash management. The Group has invested significantly in restructuring the Group and building products written in current code bases, accordingly the Group is liquid with £1,521,000 (2012: £2,772,000) available cash resources against a liability payable within the next 12 months of £1,030,000 (2012: £2,686,000). Management monitor cash balances weekly. However should any subsidiary, or the parent Company, find that it does not have the liquidity to pay a debt as it becomes due an inter-company cash transfer will be made available by another member of the Group.

19. Financial and operational risk management

The Group's activities expose it to a variety of financial risks which are managed by the Group and subsidiary management teams as part of their day-to-day responsibilities. The Group's overall risk management policy concentrates on those areas of exposure most relevant to its operations. These fall into four categories:

- Competitive risk — that our products are no longer competitive or relevant to our customers
- Cash flow and liquidity risk — that we run out of the cash required to run the business
- Credit risk — that our customers do not pay
- Key personnel risk — that we cannot attract and retain talented people

Competitive risk

All of our businesses are active in competitive markets. These markets are predominantly UK based but nevertheless face global competition. To succeed we need staff with the appropriate skills, offering state of the art product and service solutions at competitive prices. They need a full understanding of the benefits and attributes of our products as well as an understanding of competitor products. They also need to know about sales opportunities on a timely basis.

As a small company, with limited resources, we need to manage our product investments with care but we tackle these risks as follows:

- We encourage investment as needed to maintain our market leading status product research and development
- We created a cutting edge centre of dedicated .Net development expertise in York housing 30 developers and testers serving the Group
- We have rebuilt our sales teams in AITalent Ltd and are growing our sales and marketing teams across the group in a controlled manner
- We make time and funds available for staff training
- We incentivise through balanced sales commission schemes
- We monitor individual sales person performance, taking action where necessary
- We expect subsidiary directors to have an excellent understanding of their market

Cash flow and liquidity risk

As a group we support the cash requirements of six individual trading units, all of which have their individual working capital requirements during a trading month. At the end of 2013 we had no bank borrowings (2012: £nil) but £1,250,000 of loan notes. As an acquisitive business which also invests in its existing infrastructure continually, the need to project future requirements is important. To encourage tough cash management and good planning we manage cash as follows:

- We collect and communicate a weekly cash summary every Friday by subsidiary
- We pay sales commissions, where appropriate but only once cash is received
- We monitor detailed ageing analysis of debtors from each subsidiary on a monthly basis
- We encourage subsidiary cash generation by monitoring the ageing of debtors

Credit risk

Our sales are split 44:56 (2012: 47:53) between public and private sector organisations. Whilst recognising that circumstances change, we are of the opinion that the public sector will pay its debts providing the purchasing rules have been followed. Despite the tough solvency issues facing all European governments we have seen no reason to change this view at the present time. The private sector however remains a higher risk and we remain diligent about our approach to these sales:

- We will not do business without a purchase order
- We must take credit checks on new customers
- We track aged debtors very diligently, reporting them monthly at Group board level
- We do not pay sales commission on unpaid sales

Key personnel risk

This is a people business. Our technical staff creates the product and our sales staff sell it, supported by our marketing staff. In 2013 69% (2012: 57%) of our outflows were on people. In a competitive market we recognise good people can be poached or just lose their way. There is nothing that can beat a motivated, educated and focused team. Whilst our size limits the extent of our actions, we address this risk as follows:

- We take care to take references when recruiting
- Managers monitor performance individually whatever the role in the organisation
- We offer training of specific skills where appropriate
- We encourage flat management structures, open plan offices and easy accessibility up and down the organization
- We pay competitive market prices whilst recognising regional differences
- We incentivise subsidiary managing directors on subsidiary profit performance
- We have a broadly distributed approved option scheme for senior employees
- A number of key personnel are significant shareholders in their own right

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern providing long term returns for shareholders and security for other stakeholders whilst maintaining optimal capital structure to allow for future acquisition and growth.

In order to manage the overall objective above, the Group gives consideration to the following:

The board views equity firstly as the key source of funding for acquisitions and secondly as an important incentivisation tool for management. These are the key justifications for the Group's AIM listing.

In relation to acquisitions the appropriate funding structure will be a blend of our own available cash, gearing and equity. The structure for each transaction will take into account our intention for an immediate enhancement in earnings per share.

The board is also sensitive to the fact that there may be times when capital is in short supply justifying fundraising beyond our immediate needs. With a buy and build strategy new acquisition opportunities must be responded to as they arise, though during the remainder of 2014 and 2015 the focus will be to build on developing what we have.

As an incentive for management we offer equity based payments, in line with market prices at the time of grant, aligning the long-term interests of shareholders and key executives.

In 2011 we paid our first dividend of 0.1p as a special dividend following the sale of Solcara Ltd. We paid a final dividend of 0.2 pence per share in April 2012, in respect of the year ended 30 November 2011 and due to our significant investment program we paid a reduced final dividend in April 2013 of 0.05 pence per share, in respect of the year ended 30 November 2012, reflecting our confidence in the future and reflecting recognition to our shareholders and the cost of capital. Due to the significant investment programme we are not proposing to pay a dividend in respect of the year ended 30 November 2013.

20. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current year end the prior year:

	Accelerated tax depreciation £'000	Convertible loan notes £'000	Share-based payments £'000	Tax losses £'000	Accelerated tax on intangible assets £'000	Total £'000
At 1 December 2011	(26)	(17)	-	199	(325)	(169)
Charge to income	-	7	31	474	(150)	362
Charge to equity	-	-	22	-	-	22
Change in tax rate	2	1	-	(6)	14	11
At 30 November 2012	(24)	(9)	53	667	(461)	226
At 1 December 2012	(24)	(9)	53	667	(461)	226
Charge to income	-	11	-	(144)	(223)	(356)
Charge to equity	-	-	7	-	-	7
Change in tax rate	9	-	-	-	12	21
At 30 November 2013	**(15)**	**2**	**60**	**523**	**(672)**	**(102)**

At the reporting date the Group had unused tax losses of £2,900,000 (2012: £2,700,000) available for offset against future profits. A deferred tax asset has been recognised in respect of all available losses on the basis that management forecasts and expectations show the losses will be used in the future. The tax losses do not have any expiry date.

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

The following is the analysis of deferred tax balances, after offset, for financial reporting purposes:

	2013 £'000	2012 £'000
Deferred tax assets	**610**	720
Deferred tax liabilities	**(712)**	(494)
	(102)	226

21. Share capital

Equity: Ordinary shares of 0.5p each	**2013 £'000**	2012 £'000
Authorised share capital		
275,000,000 ordinary shares of 0.5p each		
(2012: 275,000,000 ordinary shares of 0.5p each)	**1,375**	1,375
Allotted, issued and fully paid		
264,777,014 ordinary shares of 0.5p each		
(2012: 257,270,696 ordinary shares of 0.5p each)	**1,324**	1,286

During the year ended 30 November 2013, 4,125,000 shares were issued to Joanna Arnold at 4p per share and upon the exercise of employee share options, 3,381,318 shares were issued at 3p per share.There were no new share issues during 2012.

On 21 September 2011 29,666,667 ordinary shares of 0.5 pence, and with a total nominal value of £148,333 were returned to the Company and were held in treasury at the year end. The shares held in treasury have no voting rights, or rights to dividends and so the total issued share capital for voting and dividend purposes is 235,110,347 (2012: 227,604,029).

Directly attributable transaction costs associated with share issues in the year of £5,000 (2012: £nil) have been accounted for as a reduction from the share premium account.

22. Equity-settled share-based payments

The Company has a share option scheme for employees of the Group.

Ordinary share options granted and subsisting at 30 November 2013 were as follows:

Date of grant	Option price	No of shares	Exercisable between
17 October 2005	8.0p	90,000	Oct 2008-Oct 2015
24 April 2006	7.5p	855,694	Apr 2009-Apr 2016
17 November 2006	6.75p	100,000	Nov 2009-Nov 2016
28 February 2007	6.75p	111,667	Nov 2010-Nov 2017
01 February 2008	2.75p	1,000,000	Feb 2011 - Feb 2018
23 October 2008	2.75p	21,300,000	No time limit
03 April 2009	2.75p	1,000,000	Apr 2012-Apr 2019
08 April 2009	3.0p	1,302,282	Apr 2012-Apr 2019
19 May 2009	3.5p	87,744	Nov 2009-Nov 2016
29 September 2009	4.375p	2,000,000	Sep 2012-Sep 2019
04 December 2009	5.5p	860,000	Dec 2012-Dec 2019
19 December 2011	2.2p	4,500,000	Dec 2014-Dec 2021
07 March 2012	3.3p	1,788,894	Mar 2015-Mar 2022
09 January 2013	3.5p	1,000,000	Jan 2016-Jan 2023
16 January 2013	3.7p	400,000	Jan 2016-Jan 2023
13 June 2013	3.1p	2,000,000	Jun 2016-Jun 2023
24 October 2013	2.5p	1,000,000	Oct 2016-Oct 2023

Details of the movements in the weighted average exercise price ("WAEP") and number of share options during the current and prior year are as follows:

	At start of year	Granted	Exercised	Forfeited	At end of year
WAEP 2012	3.28	2.44	-	3.55	3.04
WAEP 2013	3.04	3.11	3.00	5.81	3.04
Options 2012	38,254,314	8,288,894	-	8,000,000	38,543,208
Options 2013	38,543,208	4,400,000	3,381,318	165,609	39,396,281

No options were cancelled in the year (2012: nil).

The options grants detailed above resulted in a share-based payment charge for the Group of £40,000 (2012: £36,000). Specific assumptions used in the calculation of the share-based payment charge applicable to the grant of options in the year and prior year are as follows:

2013

	09 January 2013	16 January 2013	13 June 2013	24 October 2013
Share price at grant date	3.7p	3.5p	3.0p	2.5p
Exercise price	3.5p	3.7p	3.1p	2.5p
Expected volatility	66%	66%	62%	59%
Expected life of options	7 years	7 years	7 years	7 years
Expected dividend yield	3%	3%	3%	3%
Risk free rate	1.04%	1.00%	1.17%	1.53%

2012

	19 December 2011	07 March 2012
Share price at grant date	2.2p	3.3p
Exercise price	2.2p	3.3p
Expected volatility	70%	69%
Expected life of options	7 years	7 years
Expected dividend yield	3.00%	3.00%
Risk free rate	1.05%	1.05%

Expected volatility rates have been arrived at by reference to the Risk Management Service information relating to Access Intelligence Plc published by the London Business School on a quarterly basis. The rate used is the rate for the quarter in which the option is granted.

23. Cash and cash equivalents

The Group monitors its exposure to liquidity risk based on the net cash flows that are available. The following provides an analysis of the changes in net funds:

	As at 1 December 2012 £'000	Cash outflow £'000	**As at 30 November 2013 £'000**
Cash in hand and at bank	2,772	(1,251)	**1,521**

	As at 1 December 2011 £'000	Cash (outflow)/ inflow £'000	As at 30 November 2012 £'000
Cash in hand and at bank	4,162	(1,390)	2,772
Bank overdraft	(2)	2	-
	4,160	(1,388)	2,772

24. Commitments

Capital commitments
The Group had no capital commitments at the end of the financial year or prior year.

Operating lease commitments
Following the renewal or inception of new leases, at 30 November 2013, the Group was committed to making the following payments in respect of operating leases for land and buildings expiring:

	Land and buildings	
	2013 £'000	2012 £'000
Within 1 year	**6**	363
Between 2 and 5 years	**1,018**	357
Over 5 years	**899**	-
	1,923	720

The Group leases various offices and storage units under non-cancellable fixed term operating lease agreements. The lease terms are up to 10 years, with break clauses ahead of the full term and the majority are not renewable at the end of the lease period.

Other operating lease commitments comprise motor vehicles and office equipment expiring:

	Other	
	2013 £'000	2012 £'000
Within 1 year	**4**	4
Between 2 and 5 years	**40**	95
	44	99

25. Related party transactions

One (2012: one) of the then directors has received a portion of their remuneration through their individual service companies or directly, during the year. In each case the payments represent short term employee benefits. The amounts involved are as follows and relate to activities outside their responsibilities as directors:

	2013 £	2012 £
R Jackson (via Ciallco Ltd.)	**5,250**	18,569

In all cases the directors are responsible for their own taxation and national insurance liabilities.

Elderstreet Investments Limited, a company controlled by M Jackson invoiced the group companies £106,000 (2012: £121,000) for office rental and support costs based on usage and therefore is at arms length and on standard commercial terms. Due to centralisation of AITalent Ltd into the head office and the hiring of expertise centrally into the head office, overall headcount increased significantly on prior year as reflected in the charges from Elderstreet. During the year interest on convertible loans of £30,000 (2012:£30,000) was paid to Elderstreet VCT plc which is controlled by M Jackson.

During the period to April 2013, being the time of resignation, R Jackson was regarded as unofficial Chairman by PM3 Limited a company that helped develop the Notify application for AIControlPoint when it was part of Solcara. In 2012, PM3 continued to provide services to AIControlPoint a trading division of Access Intelligence plc and in December 2012, R Jackson became a director of PM3 Limited. PM3 Ltd, a company in which R Jackson is a Chairman received £8,197 (2012: £38,750). No balance was owed at the year end.

Wedlake Bell, a company in which Mrs R Jackson, wife of R Jackson, is a consultant received £4,000 (2012: £31,000) for legal services during the year. No balance was owed at the year end.

Snacktime plc, a company in which Michael Jackson and Jeremy Hamer are board members, received services from Willow Starcom Limited of £19,000 (2012: £nil). At the year end, Snacktime plc owed Willow Starcom Limited £23,000 including VAT.

26. Pension commitments

Individual subsidiaries of the Group operate defined contribution pension schemes for their employees. The assets of the schemes are held separately from those of the Group. The annual contributions payable are charged to the income statement when they fall due for payment.

During the year £94,000 (2012: £35,000) was contributed by the Group to individual pension schemes. At 30 November 2013 £11,000 pension contributions were outstanding and transferred to the individual pension schemes in December 2013 (2012: £9,000).

27. Events after the balance sheet date

In March 2014, Unicorn AIM VCT plc agreed to extend the convertible loan notes which were due to mature on 30 June 2014. The extension means maturity will be for 18 months to 31 December 2015, during which time the coupon increases from 6% to 8% though conversion rights remain unchanged at 4p.

Company Balance Sheet

Company Number: 04799195
At 30 November 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	2	**296**	206
Investments	3	**6,228**	8,815
Intangible assets	4	**87**	141
		6,611	9,162
Current assets			
Debtors	5	**2,719**	1,618
Cash at bank and in hand		**50**	64
		2,769	1,682
Creditors: amounts falling due within one year	6	**(6,116)**	(3,761)
Net current liabilities		**(3,347)**	(2,079)
Creditors: amounts falling due over one year	7	**(507)**	(1,254)
Net assets		**2,757**	5,829
Capital and reserves			
Share capital	8	**1,324**	1,286
Share premium	8	**224**	-
Treasury shares	8	**(148)**	(148)
Capital redemption reserve	10	**191**	191
Share option reserve	10	**319**	276
Equity reserve	10	**126**	126
Profit and loss account	10	**721**	4,098
Equity shareholders' funds	11	**2,757**	5,829

The financial statements were approved by the board of directors on 1 April 2014 and signed on its behalf by:

M Jackson
Chairman

Notes to the Company Financial Statements

Year ended 30 November 2013

1 Accounting policies

Basis of preparation

These separate financial statements of the parent Company, Access Intelligence Plc, which have been prepared in accordance under the historical cost convention and in accordance with applicable accounting standards under UK GAAP, are presented as required by the Companies Act 2006.

On the basis of current financial projections and available funds and facilities, the directors are satisfied that the Company, taking into account that it operates as part of the Access Intelligence plc Group, has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis (refer to the Group going concern assessment in note 2 to the consolidated financial statements). The particular accounting policies adopted by the Company are described below.

Results of the Company

As permitted by Section 408(3) of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss after taxation, for the financial year amounted to £3,261,000 (2012: loss £1,576,000).

AIControlPoint

On 1 December 2010 the assets and liabilities of AIControlPoint were transferred from Access Intelligence Media & Communications Ltd to the Access Intelligence Plc (the Company). AIControlPoint which holds the intellectual property to a suite of software products that provide a critical management tool for crisis management. The business was acquired as part of the acquisition of Solcara Ltd in November 2008 and was separated from Solcara initially in December 2009. The business is still in start-up and lost £74,000 before tax in 2011, £185,000 in 2012 and £175,000 in 2013. The assets, liabilities and trading losses of the business are included within the Company's results.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment - 3 to 5 years
Leasehold improvements - over the lease term

Share-based payments

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by the Black–Scholes option pricing model. Further details are set out in note 22 of the consolidated statements.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Intangible assets

Research and development expenditure

Expenditure identified as development expenditure being costs incurred on clearly defined unique projects whose outcome can be assessed with reasonable certainty and which are expected to lead to new products and revenue streams is measured at cost less accumulated amortisation and accumulated impairment losses. Where development expenditure does not meet these requirements then it is recognised as an expense in the period it is incurred.

Amortisation will be calculated so as to write off the cost of an asset over the useful economic life of that asset. In 2013 there was one (2012; one) main capitalised development project. The directors assess the useful life of the current capitalised development projects to be 3 years.

Software licences

Software licences include software that is not integral to a related item of hardware. These items are stated at cost less accumulated amortisation and any impairment. Amortisation is calculated on a straight line basis over the estimated useful economic life. Although perpetual licences are maintained under support and maintenance agreements, a useful economic life of 5 years has been determined.

Impairment

The Company evaluates its financial assets for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, the impairment loss is recognised in the profit and loss account. The same approach is applied to group goodwill impairment testing as is described in note 12 of the consolidated Group financial statements.

Taxation

Current tax is the tax currently payable based on taxable profits for the year. Due to losses no current taxation will be payable by the Company and the losses will be made available for Group relief or be available for carry forward for offset against future profits of the same trade.

Deferred taxation is recognised on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Convertible loan notes

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated at the present value of the stream of future cash flows (including both coupon payments and redemption) discounted at the market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently re-measured.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based upon their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

Revenue

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax. The methodology applied to income recognition is dependent upon the goods or services being supplied.

In respect of income relating to annual service contracts and/or hosted services which are invoiced in advance, it is the Company's policy to spread the income of each contract equally over the contract's life. The full value of each sale is credited to deferred revenue when invoiced to be released to the statement of comprehensive income in equal instalments over the contract period.

Revenues from the delivery of infrastructure are recognised on installation with associated training and consultancy fees recognised when specified contractual milestones are met or on project completion. In the event that these services are invoiced in advance they will be credited to deferred revenue and released to the profit and loss account once delivered.

Income from the sale of licences is recognisable in full at the date of sale.

Revenue arising from management of the subsidiary undertakings is recognised on an accruals basis.

2 Tangible fixed assets

	Fixtures fittings and equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 December 2012	198	65	263
Additions	137	22	159
At 30 November 2013	**335**	**87**	**422**
Depreciation			
At 1 December 2012	55	2	57
Charge for the year	66	3	69
At 30 November 2013	**121**	**5**	**126**
Net Book Value			
At 30 November 2013	**214**	**82**	**296**
At 30 November 2012	143	63	206

3. Investments

	Investment in subsidiary undertakings £'000
Cost	
At 1 December 2012	15,718
Additions	20
At 30 November 2013	**15,738**
Impairment	
At 1 December 2012	6,903
Impairment charge in year	2,607
At 30 November 2013	**9,510**
Net Book Value	
At 30 November 2013	**6,228**
At 30 November 2012	8,815

Additions in the year comprise a capital contribution for the Company's obligation to settle share options on behalf of subsidiaries.

The impairment charge pertains to a full impairment of the Company's investment in AITalent Ltd, calculated by measuring discounted cash flows in order to estimate the net realisable value of the investment as per note 12 to the consolidated financial statements. This gives rise to a full impairment due to the net liabilities of AITalent Ltd including amounts due to Access Intelligence plc exceeding the discounted cash flows.

At 30 November 2013 the Company was the beneficial owner of the entire issued share capital and controlled all the votes of its subsidiaries, all of which are incorporated in England and Wales. The trading subsidiaries are set out below:

Subsidiary	Activity
Due North Ltd	Software development
Access Intelligence Media & Communicatons Ltd	Software development
AI Trackrecord Ltd (formerly Management Services 2000 Ltd)	Software development
AI Talent Ltd (formerly Cobent Ltd)	Software development
Willow Starcom Ltd	IT infrastructure and support

4 Intangible fixed assets

	Development costs £'000	Software licences £'000	Total £'000
Cost			
At 1 December 2012	110	120	230
Additions	6	-	6
At 30 November 2013	**116**	**120**	**236**
Depreciation			
At 1 December 2012	73	16	89
Charge for the year	36	24	60
At 30 November 2013	**109**	**40**	**149**
Net Book Value			
At 30 November 2013	**7**	**80**	**87**
At 30 November 2012	37	104	141

5 Debtors

	2013 £'000	2012 £'000
Trade debtors	**119**	91
Amounts due from Group undertakings	**1,907**	927
VAT	**-**	18
Deferred taxation	**457**	391
Prepayments and other debtors	**236**	191
	2,719	1,618

6 Creditors: due within one year

	2013 £'000	2012 £'000
Amounts due to Group undertakings	**4,559**	3,027
Trade creditors	**203**	223
Other taxes and social security	**154**	54
Accruals and other creditors	**300**	350
Deferred income	**146**	107
Convertible loan notes	**754**	-
	6,116	3,761

7 Creditors: due after more than one year

	2013 £'000	2012 £'000
Trade and other payables	**-**	37
Convertible loan notes	**507**	1,217
	507	1,254

8 Share capital

See note 21 of the consolidated financial statements for further details.

9 Equity-settled share-based payments

See note 22 of the consolidated financial statements for further details.

10 Reserves

	Share capital £'000	Treasury shares £'000	Share option reserve £'000	Equity reserve £'000	Share premium £'000	Capital redemption £'000	Profit and loss £'000	Total £'000
At 1 December 2011	1,286	(148)	220	126	-	191	6,163	7,838
Loss retained for the year	-	-	-	-	-	-	(1,576)	(1,576)
Dividend paid							(455)	(455)
Share-based payments current year	-	-	34	-	-	-	(34)	-
Tax relating to share-based payment	-	-	22	-	-	-	-	22
At 30 November 2012	1,286	(148)	276	126	-	191	4,098	5,829
At 1 December 2012	1,286	(148)	276	126	-	191	4,098	5,829
Loss retained for the year	-	-	-	-	-	-	(3,261)	(3,261)
Shares issued in the year	38	-	-	-	-	-	-	38
Share premium on shares issued in year	-	-	-	-	224	-	-	224
Dividend paid	-	-	-	-	-	-	(116)	(116)
Share-based payments current year	-	-	40	-	-	-	-	40
Tax relating to share-based payment	-	-	3	-	-	-	-	3
At 30 November 2013	**1,324**	**(148)**	**319**	**126**	**224**	**191**	**721**	**2,757**

11 Reconciliation of movement in equity shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	**5,829**	7,838
Loss for the financial year	**(3,261)**	(1,576)
Shares issued in the year	**38**	-
Share premium on shares issued in year	**224**	-
Dividend paid	**(116)**	(455)
Share based payment	**40**	-
Tax credit relating to share-based payments	**3**	22
Closing shareholders' funds	**2,757**	5,829

12 Commitments

Capital commitments

The Company had no capital commitments at the end of the financial year or prior year.

Operating lease commitments

At 30 November 2013, the Company was committed to the following annual commitments and associated expiry terms in respect of operating leases for land and buildings expiring:

	Land and buildings	
	2013 £'000	2012 £'000
Within 1 year	**6**	117
Between 2-5 years	**93**	102
Over 5 years	**92**	-

13 Related party transactions

The Company has taken the exemption available not to disclose transactions with wholly owned subsidiaries. See note 25 of the consolidated financial statements for details of other related party transactions.

14 Events after the balance sheet date

See note 27 of the consolidated financial statements for further details.

Access Intelligence Governance, Risk and Compliance Solutions

AITalent
Training, Competence and Employee Performance Management

AITrackRecord
Organisational Performance Management

AIProcurement
eProcurement and Supplier Risk Management

AIControlPoint
Business Continuity and Incident Management

AIMediaComms
Stakeholder Relations and Reputation Management

AICloud
IaaS, Cloud and Data Security Management

Access Intelligence
Third Floor, Welken House, Charterhouse Square, London, EC1M 6EH
0843 659 2940 | info@accessintelligence.com | www.accessintelligence.com