AccessIntelligence

Innovative Compliance Solutions

Annual Report and Accounts 2009

for the year ended 30 November 2009

Stock Code: ACC

Welcome

Access Intelligence Plc is a leading supplier of compliance Software-as-a-Service solutions.

Access Intelligence is the parent Company of a Group of businesses providing compliance solutions for the financial services, retail and pharmaceuticals sectors as well as the procurement and media departments of both public and private sector organisations.

Strategy

With particular focus on Software-as-a-Service (SaaS) delivery, Access Intelligence continues to develop organically and invest in businesses with:

Strong, defensible recurring revenues

The SaaS model provides predictable revenue and earnings growth generating good levels of free cash flow or attractive returns on the capital reinvested in the business.

High customer retention rates

Our compliance solutions build long-term customer loyalty within regulated industries.

Compliance solutions in regulated industries

The market for compliance-based software solutions is driven by mounting legislation as the business environment becomes more regulated.

Strong management teams

We seek to retain, support and develop existing staff wherever possible. However, we also have the ability to attract leading industry executives to supplement or replace existing teams should the business require it.

Cross-selling opportunities

We identify businesses that complement our existing product divisions in order to encourage cross-and up-selling across the whole Group.

Highlights

Revenue
£6.02m

2008: £3.96m

Gross Margin
£3.35m

2008: £1.82m

Operating Profit/(Loss)
£631k

2008: £(4.58)m

Profit/(Loss) before Tax
£566k

2008: £(4.57)m

Operational

- Focus on Software-as-a-Service sales/recurring revenue
- Tough stance on operational costs
- Continuous investment in product R&D

Contents

Compliance at a Glance

Procurement

Procurement & contract management solutions. Heavily compliance focussed following the recommendations of the Glover Report which proposed that all Public Sector organisations must engage suppliers via electronic tendering by 2012. Due north is a leading provider of an integrated end to end esourcing and contract management solution, increasing visibility and aggregation opportunities.

Brands

ProContract includes:

ProTender

ProAuction

ProRegister

Clients include:

- Over 130 customers incl. many large Local Government Authorities
- Bank of England
- Met Police
- Ladbrokes

Training & Competence

Gold standard training & compliance solutions delivered into highly regulated industries.
We have two brands in this division — MS2M delivers SaaS compliance solutions addressing the Retail Distribution Review into the financial services sector and the recently acquired Cobent delivers compliance training solutions into the FDA, FSA and HSE markets.

Brands

TrackRecord

Virtual Compliance Officer

Cobent LCS

Cobent Select

Clients include:

- RBS
- Aviva
- Eli Lilly
- The UN
- DSG
- Ladbrokes

Media and Communications

Media relations & public sector news flow management solutions. A new division created from the merger of two recent acquisitions, Solcara & Ether-Ray. A market leader in the UK for media relations management software. One integrated application enables users to capture, create, distribute, and analyse all communications, facilitating compliance with corporate messaging and upholding the reputation of the organisation.

Brands

Spotlight

Newsflash

Newsflash Connect

Clients include:

- Over 220 clients in local government, central government and police
- British Gas
- Astra Zeneca
- De Beers

IT Support Services

Hardware and software maintenance. Specialist IT services delivering data management and security solutions, hardware and software support and a range of managed services. The solutions are delivered directly to high end SME end users, who see the Company as their trusted partner or via an established Channel Partner program.

Brands

Backup and Running

Clients include:

- Rolex
- The Met Police
- Business Link
- EEF

Chairman's Statement

Michael Jackson

I am pleased to announce our results for the year ended 30 November 2009. The Group has made considerable strategic and financial progress this year since Elderstreet VCT, David Lowe and I invested in October 2008. The decision to position the Group as a compliance Software-as-a-Service provider, a tough stance on costs and focus on sales have brought about a significant turnaround in performance.

Results

Group turnover from continuing activities was up by 51.6% to £6,014,913 (2008: £3,967,000). The operating profit was £631,423 (2008: loss £838,000) whilst profit attributable to shareholders was £601,892 (2008: restated loss £6,059,000).The basic profit per share from continuing operations was 0.38p (2008: restated Loss 3.75p). The Group has net cash and bank balances of £1,714,243 (2008: £763,000).

The Group acquired Ether Ray Ltd on 30 June 2009 for a total cost of £2,598,715 in cash. Ether Ray had cash balances of £888,902 at completion. This acquisition was funded through the issue in June 2009 and July 2009 of £1,850,000 of Convertible Redeemable Loan Notes each with an annual yield of 6% and a conversion price of 4p. In the event that they are redeemed by the Group within 18 months of their issue date a 10% premium will be payable.

The Directors are not recommending the payment of an ordinary dividend.

Strategy

The Group is continuing to implement its strategy to focus on supplying compliance Software-as-a-Service solutions for the financial services, procurement and media sectors. The proportion of revenues originated from compliance solutions has risen to 59% (2008: 35%) in 2009. Though the advantages to both customers and ourselves of providing software as a hosted service are becoming increasingly accepted in the market place, the Group does still support a proportion of its customer base with licensed sales and support agreements.

The market for compliance-based software solutions is driven by mounting legislation as the business environment becomes more regulated. The Group

- Group repositioned as a provider of compliance Software-as-a-Service solutions
- Acquisition of Ether Ray in June 2009
- Media and Communications division formed through combination of Solcara and Ether Ray
- Acquisition of Cobent in February 2010

stands to benefit from this trend as organisations increasingly recognise their responsibilities and take the necessary action to comply. This is particularly true of the public sector's efforts to achieve greater transparency in its day-to-day business.

The Board intends to grow Access Intelligence both organically and by acquisition, with an emphasis on developing recurring revenues and building compliance related solutions. The existing product portfolio offers a strong bedrock on which to build a dynamic and competitive Software-as-a-Service proposition, providing the Group with sustainable profits and long-term growth in shareholder value.

Operations

As part of its overall strategy, the Group has focused on delivering services through three core divisions: e-procurement, FSA Training & Compliance and Media & Communications, supported by the IT Support Services division.

e-Procurement

Due North has continued to see the rewards of its investment in sales pipeline management and marketing at the beginning of the year. Recurring revenues have reached £80,000 per month (2008: £55,000) and it continues to make steady progress in the local authority and emergency service sectors in particular. As well as sales and marketing, the Group has invested strongly in the core product suite with five people working throughout the year to keep the product technically competitive. The Company is profitable with a strong pipeline for 2010 and is now in a position where it can invest further in its sales and order generation.

FSA Training & Competence

MS2M has now won the long expected contracts with both the Royal Bank of Scotland and Aviva. As a result of these significant wins, the Company has invested in the technical team working on the 'Track Record' product with a view to developing it further in 2010.

Media and Communications

Solcara completed a significant turnaround in 2009, returning to profit largely through a tight control on costs. Since the acquisition of Ether Ray Ltd it has become clear that the Solcara 'Spotlight' product should sit alongside the Ether Ray product as they both

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> The market for compliance-based software solutions is driven by mounting legislation as the business environment becomes more regulated. The Group stands to benefit from this trend as organisations increasingly recognise their responsibilities and take the necessary action to comply.

Chairman's Statement

provide media solutions, albeit to slightly different markets. On 1 December the two businesses were merged into Access Intelligence Media & Communications Ltd (AIMediaComms).

The purchase of Ether Ray Ltd on 30 June 2009 brought the Group a pure software as a service business hosting 200 local authority media and communication activities. Its recurring revenues exceed £100,000 per month. Now combined with Solcara 'Spotlight', the division offers solutions for media departments in local authorities, the NHS, central government and the private sector. This was an important acquisition for the Group and we are very confident about its prospects.

IT Support Services

Willow Starcom had a record year following the decision to lower costs and move away from storage sales. The focus on outsourced IT maintenance and support services has resulted in a growth in recurring revenues to over £110,000 per month. Looking ahead, we are confident that our emphasis on service excellence will enable Willow Starcom to retain customers in a very competitive market. In 2009 as a Group we spent £278,000 (2008: £249,000) on research and development and now have £360,000 (2008: £178,000) of contracted monthly recurring revenue.

Acquisitions

On 1 March 2010 the Group announced the acquisition of the entire share capital of Cobent Ltd, a training and compliance software delivery business, for £5.2m. Of the £5m due at completion, £3m will be paid in cash, £2m in vendor shares and a £200,000 cash payment will be deferred for 12 months. The £3m is being funded through the placing of 60m new ordinary shares at 5p. The vendors will also receive 33.3m new ordinary shares, pricing them at 6p per share, giving an average issue price per share of 5.4p.

Cobent Ltd, founded in 2003 by Howard Sears, has developed a 'gold standard' training and compliance delivery platform operating in a number of markets including FDA, FSA and HSE regulated industries. It has a Blue Chip client base in the UK and US.

Directors and Staff

I would like to thank all our staff for their hard work and help in a year of transformation in which they have kept faith with the new management approach. Together we have delivered an excellent result and I can look forward to 2010 with high expectations.

Outlook

Access Intelligence Plc is in a stronger position at the start of 2010 than a year ago and I am pleased to report a strong start to trading for 2010 with continuing growth in the recurring revenue base. The board, however, acknowledges that economic conditions remain tough and that it is difficult to predict how spending, particularly in the public sector, will be affected post the election. Despite this, we remain confident that our strategy to focus on compliance and our ability to offer a 'rented' rather than 'purchased' solution through Software-as-a-Service should keep us competitive.

On behalf of Access Intelligence's board and Management, I would like to thank you for your ongoing support.

Michael Jackson
Chairman

Directors and Advisers

Directors:	M E W Jackson (Chairman) J J Hamer (Finance Director) D Lowe (Non–executive director) R R Jackson (Non-executive director)
Company Secretary:	J J Hamer
Registered Office:	32 Bedford Row London WC1R 4HE
Company registration number:	04799195
Bankers:	Bank of Scotland Aldgate House 1–4 Market Place Hull HU1 1RA
Legal Advisers:	Rosenblatts 9–13 St Andrew Street London EC4 3AF
Auditors:	Mazars LLP Chartered Accountants & Registered Auditors The Lexicon 10/12 Mount Street Manchester M2 5NT
Brokers and Nominated Advisers:	Astaire Securities plc (formerly Blue Oar Securities plc) 30 Old Broad Street London EC2N 1HT
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Financial PR:	Cubitt Consulting 30 Coleman Street London EC2R 5AL

Directors' Report

The directors present their annual report and the consolidated financial statements of the Group for the year ended 30 November 2009.

Principal activity

Access Intelligence is a Software and Computer Services Group of companies providing business critical compliance and legislative driven services to both public and private sectors on a recurring revenue basis. Since the flotation on AIM in November 2003, the Group has made five acquisitions focused in the areas of compliance software and data backup and recovery.

Review of business and future outlook

A review of the Group' activities during the year and future outlook is set out in the Chairman's statement on pages 04 to 06.

Results and dividends

The consolidated trading results for the year and the year end financial position are shown in the financial statements on pages 15 to 19. The results for the year and future prospects are reviewed in the Chairman's Statement on pages 04 to 06.

The directors recommend that no dividend be paid on the ordinary shares in respect of the year ended 30 November 2009 (2008: nil).

In addition to the universal performance indicators of sales, gross margins, operating profit, earnings per share and cash flow, the performance of which against expectations is referred to in the Chairman's Statement, indicators of a more activity-specific nature are used within the Group to assess the performance of the subsidiary companies. 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. Due to the differences in size and markets across the Group's businesses, it is not practicable to provide a more detailed analysis of how these indicators are applied to each of the respective activities.

Principal business risks and uncertainties

The ongoing nature of the business dictates that the board both understands the market in which in competes and the strategy of the business and its direction. The Statement of Corporate Governance notes the objectives and mechanisms of internal control. Detailed strategic planning meetings are held at Group and subsidiary level. The board constantly assesses risks and is of the belief that internal control, risk management and stewardship are linked and inseparable. Whilst principally risk and control are measured and assessed from a financial perspective, this is not to the exclusion of non-financial risks and uncertainties.

Directors and their interests

The directors at the year end and details of their interests, including family interests, in the Company's ordinary 0.5p shares at 30 November 2009 are disclosed below:

	30 November 2009		30 November 2008	
	Beneficial No.	**Options No.**	Beneficial No.	Options No.
M E W Jackson	**19,363,636**	**9,808,103**	19,363,636	9,808,103
J J Hamer	**2,941,762**	**2,100,000**	2,941,762	100,000
D Lowe	**4,597,475**	**1,841,897**	3,636,364	1,841,897
R R Jackson	**3,636,364**	**3,381,318**	—	—

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 date of this report.

Investor	No. of shares	% holding
Elderstreet Investments	23,300,000	14.7%
Octopus Asset Management	13,890,000	8.8%
Unicorn Asset Management	11,400,200	7.2%
David Alderson	8,412,884	5.3%
Andrew Unsworth	6,767,487	4.3%
Mark Berry	6,715,117	4.2%

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

Elderstreet Investments	£500,000
Octopus Asset Management	£500,000
Unicorn Asset Management	£750,000

Employee relations

The Group supports the employment of disabled people, wherever possible, both in recruitment 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 health and safety of employees and those persons who are authorised to be on its premises.

Post-balance sheet events

Since the year end, the Group has acquired the entire share capital of Cobent Limited, a Company founded in 2003 by Howard Sears, which has developed a 'gold standard' training and compliance delivery platform operating in a number of markets including FDA, FSA and HSE regulated industries. It has a Blue Chip client base in the UK and US. See note 30 to the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 statement 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;

Directors' Report

- 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.

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.

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.

Suppliers' payment policy

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

The Group's trade creditor days for the year ended 30 November 2009 were 74 days (2008: 79 days) calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Share capital

Details of the Company's share capital are set out in note 24 to the financial statements. On 10 December 2008 the Company issued 3,636,364 shares of 0.5p each at a price of 2.75 pence.

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.

Auditors

With effect from 1 October 2009 Chadwick LLP merged its business with that of Mazars LLP, following which Chadwick LLP resigned as auditors to the Company. The directors appointed Mazars LLP to fill the casual vacancy caused by their resignation 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

J J Hamer
Secretary
Approved by the directors on
26 February 2010

Corporate Governance

Application of the principles of good governance

As an AIM listed Company, the Group is not required to follow the provisions of the Combined Code as set out in the Financial Services Authority Listing Rules. Nevertheless, the Group is committed to applying the highest principles of corporate governance commensurate with its size.

The board

The Group is managed by a board, consisting of a chairman, one executive member and two non-executive members, who 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 board meets regularly 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.

The board considers the non-executive directors to be independent.

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 key ratio 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 produce appropriate management intervention.

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 confirms that it has established the procedures necessary to implement the guidance "Internal Control: Guidance for Directors on the Combined Code". The board has considered the need for an internal audit function but has concluded that the size and complexity of the Group does not justify the expense at present. The need for an internal audit function will continue to be reviewed periodically.

Relations with shareholders

The board attaches great importance to maintaining good relationships with shareholders. The board regards the Annual General Meeting as an opportunity to communicate directly with investors who are encouraged to participate.

Report on remuneration

The Remuneration Committee comprises one non-executive director, D Lowe and the chairman, M Jackson. The chairman of the Remuneration Committee is D Lowe.

The Committee reviews the terms of employment and total remuneration of the executive directors, including the granting of share options, at least twice a year to ensure that the Company can attract, retain and motivate directors capable of delivering the Company's objectives.

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

The executive chairman's remuneration package comprises a basic salary and fees relating to acquisitions. The 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

Corporate Governance

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.

Audit committee

The Audit Committee is appointed by the board and must comprise a minimum of two members, including one non-executive director. D Lowe chairs the audit committee with M Jackson as the other member. The Committee is to meet not less than twice a year.

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.

Compliance

In the opinion of the directors, the Company has complied throughout the year with the provisions of Section 1 of the Combined Code with the exception that there is no separate Nomination Committee.

The Company has complied fully with the requirements of provision C2.1 of the Code (review of effectiveness of internal control system) throughout the period.

Going concern

The directors report that, in connection with paragraph C1.2 of the Combined Code and after making enquiry, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Independent Auditors' Report

We have audited the financial statements of Access Intelligence plc for the year ended 30 November 2009 which comprise the Group Statement of Financial Position and Parent Company Balance Sheet, the Group Statement of Comprehensive Income, the Group Statement of Cash Flow, the Group Statement of Changes in Equity, the Parent Company Reconciliation of Movements in Shareholders' Funds 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').

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders, as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 09, 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 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material is statement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2009 and of the Group's profit 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;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the companies act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 12, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

P L Dawes
(Senior statutory auditor)
for and on behalf of Mazars LLP,
Chartered Accountants (Statutory auditor)

The Lexicon
10/12 Mount Street
Manchester
M2 5NT

Consolidated Income Statement

Year ended 30 November 2009

	Note	2009 £'000	Restated 2008 £'000
Revenue — continuing operations	3	**6,015**	3,967
Cost of sales		**(2,665)**	(2,146)
Gross profit		**3,350**	1,821
Administrative expenses		**(2,719)**	(2,476)
Share-based payment	25	**—**	(183)
		631	(838)
Impairment of goodwill	14	**—**	(2,950)
Impairment of capitalised development costs	14	**—**	(532)
Non-recurring expenses	4	**—**	(256)
Operating profit/(loss)	5	**631**	(4,576)
Financial income	7	**2**	17
Financial expense	8	**(67)**	(7)
Profit/(loss) before taxation		**566**	(4,566)
Taxation credit	9	**35**	258
Profit/(loss) for the year from continuing operations		**601**	(4,308)
Loss for the year from discontinued operations net of income tax expense	10	**—**	(1,751)
Profit/(loss) for the year attributable to the equity holders of the parent Company		**601**	(6,059)
Earnings per share			
Basic profit/(loss) per share	12	**0.38p**	(5.27)p
Diluted profit/(loss) per share	12	**0.29p**	(5.27)p

The notes on pages 20 to 53 form part of these financial statements.

Financial Statements

Consolidated Balance Sheet

Year ended 30 November 2009

	Note	2009 £'000	Restated 2008 £'000
Non-current assets			
Property, plant and equipment	15	**181**	192
Intangible assets	14	**4,996**	2,722
Deferred tax assets	23	**493**	415
Total non-current assets		**5,670**	3,329
Current assets			
Inventories	16	**265**	268
Trade and other receivables	17	**1,481**	1,490
Cash and cash equivalents	19	**1,714**	763
Total current assets		**3,460**	2,521
Total assets		**9,130**	5,850
Current liabilities			
Interest bearing loans and borrowings	18	**—**	2
Trade and other payables	20	**662**	872
Accruals and deferred income		**2,349**	1,564
Current income tax liabilities		**98**	—
Total current liabilities		**3,109**	2,438
Non-current liabilities			
Interest bearing loans and borrowings	18	**1,655**	52
Deferred tax liabilities	23	**55**	—
Total non-current liabilities		**1,710**	52
Total liabilities		**4,819**	2,490
Net assets		**4,311**	3,360
Equity			
Share capital	24	**797**	779
Share premium account		**8,955**	8,873
Capital redemption reserve		**191**	191
Share option valuation reserve		**247**	183
Equity reserve		**186**	—
Retained earnings		**(6,065)**	(6,666)
Total equity attributable to the equity holders of the parent Company		**4,311**	3,360

The financial statements were approved and authorised for issue by the board of directors on 26 February 2010 and signed on its behalf by:

M E W Jackson
Chief Executive

The notes on pages 20 to 53 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 November 2009

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share option valuation reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
Group							
At 1 December 2007	549	7,906	160	—	—	(576)	8,039
Loss for the year — as previously stated	—	—	—	—	—	(5,876)	(5,876)
Share-based payments — prior year adjustment (note 25)	—	—	—	—	—	(183)	(183)
Total recognised loss for the year — as restated	—	—	—	—	—	(6,059)	(6,059)
Issue of new shares	230	967	—	—	—	—	1,197
Share-based payment — prior year adjustment (note 25)	—	—	—	183	—	—	183
Redemption of preference shares	—	—	31	—	—	(31)	—
	230	967	31	183	—	(31)	1,380
At 30 November 2008 — as restated	779	8,873	191	183	—	(6,666)	3,360
Profit for year	—	—	—	—	—	601	601
Total recognised profit for the year	—	—	—	—	—	601	601
Issue of new shares	18	82	—	—	—	—	100
Equity component of convertible loan notes	—	—	—	—	186	—	186
Tax credit relating to share-based payment	—	—	—	64	—	—	64
	18	82	—	64	186	—	350
At 30 November 2009	**797**	**8,955**	**191**	**247**	**186**	**(6,065)**	**4,311**

Consolidated Statement of Changes in Equity

Year ended 30 November 2009

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 equity, net of any relating income tax benefit.

Share option valuation 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 preference shares. 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 finance partly our 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 (note 18). 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 arising from the date of acquisition are included.

Consolidated Cash Flow Statement

Year ended 30 November 2009

	Note	2009 £'000	Restated 2008 £'000
Cash flows from continuing operating activities			
Profit/(loss) for the year attributable to equity shareholders of the parent		**601**	(6,059)
Adjusted for:			
Disposal of subsidiary		**—**	1,751
Depreciation		**80**	81
Impairment of intangible assets		**—**	3,482
Share option valuation charge		**—**	183
Financial income		**(2)**	(17)
Financial expense		**67**	7
Taxation		**(35)**	(258)
Loss on disposal of property, plant and equipment		**1**	—
Operating profit/(loss) before changes in working capital and provisions		**712**	(830)
(Increase)/decrease in trade and other receivables		**(607)**	145
Decrease in inventories		**3**	83
Increase in trade and other payables		**611**	168
Increase in provisions		**—**	27
Net cash inflow/(outflow) from the continuing operations		**719**	(407)
Taxation received		**98**	51
Net cash inflow/(outflow) from continuing activities		**817**	(356)
Cash flows from investing in continuing activities			
Interest received		**2**	17
Expenditure on business acquisitions		**(2,598)**	(830)
Cash acquired with subsidiary		**889**	15
Acquisition of property, plant and equipment		**(63)**	(67)
Net cash outflow from investing in continuing activities		**(1,770)**	(865)
Cash flows from financing continuing activities			
Interest received		**(1)**	(7)
Issue of equity share capital		**100**	1,265
Issue of loan notes		**1,850**	—
Cost of share issues		**—**	(68)
Repayment of borrowings		**(45)**	(45)
Net cash inflow from financing continuing activities		**1,904**	1,145
Net increase/(decrease) in cash and cash equivalents	26	**951**	(76)
Cash from discontinued operations	10	**—**	(33)
Opening cash and cash equivalents		**763**	872
Closing cash and cash equivalents	26	**1,714**	763

The notes on pages 20 to 53 form part of these financial statements.

Financial Statements

Notes to the Financial Statements

Year ended 30 November 2009

1 GENERAL INFORMATION

Access Intelligence plc ('the Company' and its subsidiaries (together the 'Group') provide software and computer services to critical compliance and legislative driven businesses in both the public and private sectors. During the year the Group acquired control of Access Intelligence Media & Communications Limited (formerly Ether-Ray Limited), a software development Company with a recurring revenue base.

The Company is a public limited Company which 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, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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.

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 of goodwill and the valuation of the intangible assets that were acquired through a business combination during the year, refer to note 13 for further details and the charge for share-based payment transactions which include assumptions on future share prices, dividends, and risk-free discount rates as per note 25.

A separate income statement for the parent Company has not been presented as permitted by section 408(3) of the Companies Act 2006.

New standards and interpretations

No new standards, amendments and interpretations became effective and relevant to the Group for its financial year ending 30 November 2009.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 December 2008 but they are not relevant to the Group or Company's operations:

	Effective dates (periods beginning on or after)
IFRIC 12 Service Concession Arrangements	1 January 2008
IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008
IAS 39 Financial Instruments: Recognition and Measurement — Embedded derivatives Ending after	30 June 2009

2 **ACCOUNTING POLICIES** continued

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 December 2009 or later periods but the Group and Company have not early adopted them:

	Effective dates (periods beginning on or after)
IFRS 2 Amendment — Share-based payment: vesting conditions and cancellations *This clarifies that vesting conditions are service and performance conditions only. Other features of share-based payments are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Management are currently assessing the implications of this on the Company's current share options.*	1 January 2009
IFRS 3 Revised — Business combinations *The standard continues to apply the acquisition method to business acquisition, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with any contingent payments subsequently re-measured at fair value through income. This will be relevant for future acquisitions undertaken by the Group.*	1 July 2009
IAS 1 Presentation of Financial Statements — comprehensive revision *The revised standard requires entities to prepare a statement of comprehensive income. All non-owner changes in equity are required to be shown in a performance statement, but entities can chose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). This may give rise to a change in the disclosures for the Group.*	1 January 2009
IFRS 7 Amendment — Improving Disclosures about Financial Instruments *The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The Group will apply the enhanced disclosures in its next annual report but this will only effect disclosures not earnings etc.*	1 January 2009
IAS 38 Intangible Fixed assets The amendment clarifies guidance in measuring the fair value of an intangible fixed asset acquired in a business combination and permits the Grouping of intangible assets as a single asset if each asset has similar useful economic life.	Partly 1 January 2009 and partly 1 July 2009

Notes to the Financial Statements

Year ended 30 November 2009

2 ACCOUNTING POLICIES continued

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 December 2009 or later periods but are not relevant for the Group and Company:

	Effective dates (periods beginning on or after
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 17 Distribution of Non-cash Assets to Owners	1 July 2009
IFRIC 18 Transfers of Assets from Customers	transfers after 1 July 2009
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IFRS 1 First -time Adoption of International Financial Reporting Standards	
— amendment relating to cost of investment	1 January 2009
— revised & restructured Standards	1 July 2009
— amendments to oil & gas assets	1 January 2010
— limited exemption from comparative IFRS 17	1 July 2010
IFRS 2 Amendment — Group cash-settled share-based payment transactions	1 January 2010
IFRS 5 Non-current Assets held for Sale and Discontinued Operations	Partly 1 July 2009 and partly 1 January 2010
IAS 32 and 1 Amendment — Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 23 Amendment — Borrowing Costs	1 January 2009
IAS 27 Amendment — Consolidated and separate financial statements	1 July 2009
IAS 39 Amendment — Eligible Hedged Items	1 July 2009

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 Income Statement 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.

2 ACCOUNTING POLICIES continued

Property, plant and equipment

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

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

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

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. The estimated useful lives are as follows:

Fixtures, fittings and equipment — 1 to 5 years

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 December 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired. Identifiable intangibles 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 as required by IFRS 1.

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 has been 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. Currently there is no capitalised research and development expenditure.

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.

2 ACCOUNTING POLICIES continued

Brands are reviewed for impairment twelve months after acquisition and then at least every six months. The recoverable amount is estimated at each balance sheet date. An impairment loss is recognised when the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated

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 balance sheet date.

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 reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets.

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 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 disposal.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based upon business segments.

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.

2 ACCOUNTING POLICIES continued

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 or 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.

Regular purchases and sales of financial assets are accounted for at trade date i.e. the date that the Group commits itself to purchase or sell the asset. 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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

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. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The fair value of the liability component, estimated at the present value of the stream of future cash flows, 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, net of income tax effects, 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.

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

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 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, net of income tax effects, and is not subsequently remeasured.

2 ACCOUNTING POLICIES continued

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.

Debt/equity classification

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specified date or at the option of the shareholders or if the dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in the profit and loss account.

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.

2 ACCOUNTING POLICIES continued

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax provisions are not discounted.

Employee benefits

Share-based payments

The Group has applied the requirements of IFRS 2, Share-based Payments, to all options granted after 7 November 2002 that were unvested at 1 April 2006.

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 recognised options valuation models including the binominal and Black–Scholes methods.

In October 2008 23.3m options were granted to two directors and Elderstreet VCT plc in recognition of their investment into Access Intelligence plc at that time. There was no vesting period associated with this grant. The fair value of the equity has been assessed at £182,672 and should have been recognised in the 2008 accounts. This adjustment together with the associated deferred tax (nil) is to be treated as a prior year adjustment (see note 25).

Defined contribution plan

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.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Revenue

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax.

In respect of income relating to annual service contracts which are invoiced in advance at the inception of the agreement, it is the Group's policy to spread equally the income of each contract over the contract's life.

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.

Expenses

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.

2 ACCOUNTING POLICIES continued

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 on finance charges on shares classified as liabilities and finance leases.

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. Whilst not material the Effective Interest Charge is higher than the actual interest paid.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business of operations that has been disposed of or held for resale. Classification as a discontinue operation occurs upon disposal or when the operation meets the criteria to be classified as held for resale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative year.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees and convertible loan notes.

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 sales were split into the following territories:

	2009 £'000	2008 £'000
United Kingdom	**5,886**	3,967
European Union	**87**	—
Rest of the World	**42**	—
	6,015	3,967

Segment reporting

Segment information is presented in respect of the Group's business 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 capital expenditure is the total cost incurred in the year to acquire property, plant and equipment and intangibles, other than goodwill.

Business segments

The Group comprises the following main business segments:

- Software as a service
- IT support services
- Other

The segment information for the year ended 30 November 2009 is as follows:

	Software as a service £'000	IT support services £'000	Other segment £'000	Head office £'000	Consolidation Adjustment £'000	Total £'000
Total segment revenue	3,538	2,255	242	—	(20)	6,015
Operating profit	629	277	47	(322)	—	631
Net finance costs	(2)	(1)	—	(62)	—	(65)
Taxation	(20)	(26)	(15)	96	—	35
Profit/(loss) after taxation	607	250	32	(288)	—	601
Other information:						
Capital additions	28	34	2	2,599		
Depreciation and amortisation	38	34	1	7		
Total assets	3,994	1,392	172	7,855	(4,338)	9,075
Total liabilities	2,726	978	1,080	3,256	(3,276)	4,764

Notes to the Financial Statements
Year ended 30 November 2009

3 REVENUE continued

The segment information for the year ended 30 November 2008 is as follows:

	Software as a service £'000	IT support services £'000	Other segment £'000	Restated Head office £'000	Consolidation Adjustment £'000	Restated Total £'000
Total segment revenue	1,419	2,347	201	—	—	3,967
Operating loss	(172)	(85)	29	(610)	—	(838)
Non-recurring expenses	(7)	—	—	(249)	—	(256)
Impairment of capitalised development costs	(347)	(67)	(118)	—	—	(532)
Net finance costs	2	8	(2)	2	—	10
Taxation credit	95	28	15	120	—	258
Loss after taxation	(429)	(116)	(76)	(737)	—	(1,358)
Goodwill impairment	(1,958)	(630)	(362)	—	—	(2,950)
	(2,387)	(746)	(438)	(737)		(4,308)
Loss from discontinued operation						(1,751)
Loss for the year						(6,059)
Other information:						
Capital additions	53	18	1	830		
Depreciation and amortisation	30	45	5	30		
Total assets	1,817	1,236	317	5,647	(3,167)	5,850
Total liabilities	1,747	1,267	874	835	(2,233)	2,490

4 NON-RECURRING COSTS

The Group has made provision for non-recurring costs as follows:

	2009 £'000	2008 £'000
Closure of offices and staff redundancy	**—**	57
Costs of failed sale	**—**	44
Costs of reorganising board and head office	**—**	155
	—	256

5 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2009 £'000	Restated 2008 £'000
Depreciation of property, plant and equipment	**80**	81
Loss on disposal of property, plant and equipment	**1**	—
Impairment of goodwill	**—**	2,950
Impairment and amortisation of development costs	**—**	532
Operating lease charges — land and buildings	**138**	95
— others	**—**	1
Auditors' remuneration (see below)	**33**	32
Share-based payments	**—**	183
Research and development expenditure	**276**	249
Cost of inventories	**13**	83
Impairment losses on trade receivables	**5**	108

Auditors' remuneration is further analysed as:

	2009 £'000	2008 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**8**	8
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	**20**	17
Tax services	**5**	5
Other services	**—**	2

6 PARTICULARS OF EMPLOYEES

	2009 No.	Restated 2008 No.
The average number of persons (including directors) employed by the Group during the year was:		
Selling, distribution and administration	**90**	61

Costs incurred in respect of these employees were:

	£'000	£'000
Wages and salaries	**2,802**	2,127
Social security costs	**297**	218
Pension costs	**68**	64
Health Insurance	**2**	—
Employee benefits	**34**	—
Share option charge — prior year adjustment	**—**	183
	3,203	2,592

Notes to the Financial Statements

Year ended 30 November 2009

6 PARTICULARS OF EMPLOYEES continued

Directors' remuneration

	Salaries £	Fees £	**2009 £**	2008 £
M Jackson	26,667	10,000	**36,667**	12,083
J J Hamer	11,250	22,000	**33,250**	15,833
D Lowe	7,750	2,000	**9,750**	1,250
R Jackson	50,000	22,750	**72,750**	2,083
B J Austin	—	—	**—**	127,608
C E Davies	—	—	**—**	22,000
E I Savage	—	—	**—**	28,000
	95,667	56,750	**152,417**	208,857

The number of directors at 30 November 2009 accruing retirement benefits under money purchase schemes was nil (2008: nil).

The interests of the directors in share options are as follows:

Name	Date of grant	Exercise price per ordinary share (p)	No. of ordinary shares under option	Exercise period
J J Hamer	17 December 06	6.75p	100,000	Dec 2009–Nov 2016
M E W Jackson	23 October 08	2.75p	9,808,103	No time limit
D Lowe	23 October 08	2.75p	1,841,897	No time limit
R Jackson	8 April 09	3.00p	3,381,318	Apr 2012–Apr 2019
J J Hamer	29 September 09	4.375p	2,000,000	Sept 2012–Sept 2019

The market price of the shares at 30 November 2009 was 5.5p (2008: 2.265p) and the high and low market prices during the year were 5.625p and 2.25p respectively.

7 FINANCIAL INCOME

	2009 £'000	2008 £'000
Interest receivable on bank accounts	**2**	17

8 FINANCIAL EXPENSE

	2009 £'000	2008 £'000
Interest payable on redeemable preference shares	—	1
Effective interest payable on redeemable loan notes	63	—
Interest on bank loans and overdraft	2	3
Interest on finance leases	2	3
	67	7

The actual interest payable on the redeemable loan notes as at 30 November 2009 is £46,105 (2008: nil).

9 TAXATION

Analysis of tax credit in the year	2009 £'000	2008 £'000
Current income taxes credit:		
UK Corporation tax credit for the year	(76)	(55)
Prior year adjustment	—	(6)
	(76)	(61)
Deferred tax (note 23)	41	(197)
Tax credit on profit on ordinary activities	(35)	(258)

As shown above, the tax assessed on the profit on ordinary activities for the year is lower than (2008: higher) the standard rate of corporation tax in the UK of 28% (2008: 22%). The differences are explained as follows:

Factors affecting tax credit	2009 £'000	Restated 2008 £'000
Profit/(loss) on ordinary activities before tax	566	(6,317)
Profit/(loss) on ordinary activities by rate of tax of 28% (2008: 22%)	155	(1,389)
Expenses not deductible for tax purposes	4	53
Other permanent differences	—	1,034
Other temporary differences	(58)	39
Adjustment for prior year	(16)	(6)
Capital losses	—	2
Losses utilised	(62)	—
Losses to carry forward	—	9
Additional R&D claim CTA 2009	(58)	—
Total tax credit	(35)	(258)

10 DISCONTINUED OPERATION

On 16 October 2008 the Group sold the share capital of The Marketing Guild Limited for £1. This Company was one of the legacy businesses acquired when the Group was admitted to AIM. The business was not a discontinued operation or classified as held for resale as at 30 November 2007 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation	Note	2009 £'000	2008 £'000
Revenue		–	79
Expenses		–	(82)
Results from operating activities		–	(3)
Financial income		–	1
Results from operating activities, net of tax		–	(2)
Cost of investment		–	(1,707)
Net assets sold		–	(34)
Costs of sale		–	(8)
Loss for the period		–	(1,751)
Basic loss per share		–	(1.52)p
Diluted loss per share		–	(1.21)p
Cash flows from discontinued operation			
Net cash used in operating activities		–	–
Net cash from investing activities		–	(33)
Net cash used in discontinued operation		–	(33)

Effect of disposal on the financial position of the Group

	2009 £'000	2008 £'000
Development costs	–	(22)
Other receivables	–	(12)
Cash and cash equivalents	–	(25)
Other payables	–	25
Net liabilities	–	(34)

11 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT 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 £287,452 (2008: restated loss £5,188,000).

12 EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit after taxation of £601,892 (2008: restated loss £6,059,000) divided by the weighted average number of ordinary shares in issue during the year which was 159,337,737 (2008: 114,968,122). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 209,231,224 (2008: 114,968,122). This has been adjusted for the effect of potentially dilutive share options granted under the Company's share option schemes and convertible loan notes issued.

This has been computed as follows:

	2009			2008		
	Profit after tax £'000	**Weighted average no. of shares**	**Profit per share (pence)**	Restated Loss after tax £'000	Weighted average no. of shares	Restated Earnings per share (pence)
Earnings attributable to ordinary shareholders from continuing activities	**601**	**159,337,737**	**0.38**	(6,059)	114,968,122	(5.27)p
Dilutive effect of options and conversion	**—**	**49,893,487**	**—**	—	—	—
Diluted earnings per share for the year	**601**	**209,231,224**	**0.29**	(6,059)	114,968,122	(5.27)p

As a result of the loss, as restated, made in the year ended 30 November 2008 the fully diluted restated earnings per share would be anti-diluted and thus is unchanged from the basic EPS.

13 PURCHASE OF SUBSIDIARY UNDERTAKING AND BUSINESS

On 30 June 2009 the Group acquired 100% of the share capital, business, assets and liabilities of Ether Ray Limited, a UK media and communications software management Company.

The fair and book values of the assets and goodwill acquired is set out below:

	Book value £'000	Adjustment £'000	Fair value £'000
Net liabilities acquired			
Property, plant and equipment	8	—	8
Trade and other receivables	253	—	253
Cash and cash equivalents	889	—	889
Trade and other payables	(825)	—	(825)
Brand value	—	1,200	1,200
	325	1,200	1,525
Goodwill	1,074	—	1,074
	1,399	1,200	2,599
Made up of:			
Consideration — cash	2,476		2,476
Costs	123		123
	2,599		2,599

Brand value is in respect of the acquisition of software and is included in note 14 to the financial statements.

Goodwill represents the value of synergies and the acquiree's assembled workforce and is included in note 14 to the financial statements.

In the financial year to 31 August 2008 the Company earned revenues of £888,000 and made a profit after tax of £315,000. For the period from 1 September 2008 to 30 June 2009, the date of acquisition, the Company earned revenues of £954,106 and made a profit after tax of £293,769.

Below is a summary of the consolidated income statement showing information separated between continuing operations and acquisitions for the year ended 30 November 2009:

	From continuing operations £'000	Acquisition £'000	Total £'000
Revenue	5,488	527	6,015
Gross profit	2,805	425	3,230
Administrative expenses	(2,300)	(300)	(2,600)
Operating profit	505	125	630

If the acquisition had occurred on 1 December 2008, management estimates that consolidated revenue would have been £6.7m and consolidated operating profit for the year would have been £930k.

14 INTANGIBLE FIXED ASSETS

	Brand value £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost				
At 1 December 2007 – as previously stated	—	6,491	681	7,172
Additions – restated overleaf	—	888	—	888
Disposed with subsidiary	—	(1,707)	(42)	(1,749)
At 30 November 2008	—	5,672	639	6,311
At 1 December 2008	—	5,672	639	6,311
Additions on acquisition of subsidiary	1,200	1,074	—	2,274
Fully impaired and no longer in use	—	—	(639)	(639)
At 30 November 2009	**1,200**	**6,746**	**—**	**7,946**
Amortisation and impairment				
At 1 December 2007	—	—	126	126
Disposed with subsidiary	—	—	(19)	(19)
Impairment charge	—	2,950	532	3,482
At 30 November 2008	**—**	**2,950**	**639**	**3,589**
At 1 December 2008	—	2,950	639	3,589
Amortisation	—	—	—	—
Fully impaired and no longer in use	—	—	(639)	(639)
At 30 November 2009	**—**	**2,950**	**—**	**2,950**
Net Book Value				
At 30 November 2009	**1,200**	**3,796**	**—**	**4,996**
At 30 November 2008	**—**	**2,722**	**—**	**2,722**
At 30 November 2007	**—**	**6,491**	**555**	**7,046**

Finance lease agreements

Included within the net book value of development costs of £nil is £nil (2008: £nil) relating to assets held under finance lease agreements. The impairment charged to the financial statements in the year in respect of such assets amounted to £nil (2008: £16,000).

Brand value

On acquisition of Ether Ray Ltd the Directors judged the brand value of the software purchased on the basis of a multiple of the 'clean' annualised operating profit of the business at the end of June 2009. As at the 30 November 2009 the Directors revisited the calculations and saw no justification for amortising or impairing that agreed valuation of £1.2m. The fundamental reasoning behind this is that the continuous investment being made in the software is expensed through the profit and loss as incurred.

Notes to the Financial Statements

Year ended 30 November 2009

14 INTANGIBLE FIXED ASSETS continued

Adjustment to carrying value of goodwill

On 5 November 2008 the Group acquired 100% of the share capital of Solcara Limited. At the time of the acquisition the fair value of the net assets acquired was estimated at £324,000 net liabilities.

Subsequent to the finalisation of the Group accounts for 30 November 2008 it was determined that Solcara had additional assets at completion as follows:

Net liabilities acquired	Book value and fair value as initially recorded £'000	Adjustment to carrying value £'000	Book value and fair value as restated £'000
Property, plant and equipment	8	—	8
Deferred tax asset	—	217	217
Trade and other receivables	446	35	481
Cost and cost equivalents	15	—	15
Trade and other payables	(745)	14	(731)
Bank borrowings	(48)	—	(48)
	(324)	266	(58)
Goodwill	1,154	(266)	888
Cost of acquisition	830	—	830

The carrying value of goodwill brought forward has thus been reduced by £266,000. There are no associated adjustments to amortisation or impairment charges.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating companies which represent the lowest level within the Group at which the goodwill is monitored for internal management accounts purposes.

The aggregate carrying amounts of goodwill allocated to each business segment are:

	2009 £'000	Restated 2008 £'000
Software as a service	**2,996**	1,922
IT Support Services	**800**	800
Other	**—**	—
	3,796	2,722

14 INTANGIBLE FIXED ASSETS continued

The value in use was determined by discounting the future cash flows generated from the continuing operation of the business segment and was based on the following assumptions:

- Cash flows were projected based on actual operating results and a one year Group trading forecast as approved by management.
- Cash flows were extrapolated for a further four years based on a revenue growth rate of 2% per annum in each year from two to five, and an increasing cost base of 3% per annum. These rates of revenue growth are based upon past achievements of the Group companies.
- The weighted average cost of capital used in the DCF calculation is 5%.

In addition to revenue growth, the key assumptions used in the impairment testing were:

- Revenue growth at 2% would represent a significant slow-down from 2009 where organic growth was an average 25% on those subsidiaries on which goodwill is recognised.
- Gross margins in all calculations are assumed to either stay flat or fall over the five year projection. This has not been our experience in recent years where the move to software as a service in particular improves margins over the long-term.
- 60% of our costs relate to employment costs which are therefore the key cost driver. Our experience has been that in the recent low inflation years we have been able to hold salary increases to 3% levels.
- In overall terms the directors view the key sensitivity to be employment costs. However it would take an increase of over 15% in indirect employment costs (as opposed to 3%) in the case of each subsidiary to bring about any impairment to the carrying value of goodwill.

The directors concluded following this review that they can justify for each subsidiary the carrying value of the respective goodwill.

Notes to the Financial Statements
Year ended 30 November 2009

15 PROPERTY, PLANT & EQUIPMENT

	Fixtures fittings and equipment £'000
Cost	
At 1 December 2007	598
Additions	67
Fully depreciated and no longer in use	(52)
On acquisition of subsidiary	8
At 30 November 2008	**621**
At 1 December 2008	621
Additions	63
Disposals	(4)
On acquisition of subsidiary	8
At 30 November 2009	**688**
Depreciation	
At 1 December 2007	400
Charge for the year	81
Fully depreciated and no longer in use	(52)
On acquisition of subsidiary	—
At 30 November 2008	**429**
At 1 December 2008	429
Charge for the year	80
On disposals	(2)
At 30 November 2009	**507**
Net Book Value	
At 30 November 2009	**181**
At 30 November 2008	**192**
At 30 November 2007	**198**

16 INVENTORIES

	2009 £'000	2008 £'000
Work in progress	**10**	—
Finished goods	**255**	268
	265	268

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £13,000 (2008: £83,000).

17 TRADE AND OTHER RECEIVABLES

	2009 £'000	2008 £'000
Current assets		
Trade receivables	**1,223**	1,067
Less: provision for impairment of trade receivables	**(46)**	(75)
	1,177	992
Other receivables	**7**	35
Current taxes receivable	**—**	90
Prepayments	**297**	373
	1,481	1,490

As at 30 November 2009, trade receivables of £46,535 (2008: £74,935) were impaired and fully provided for. The aging of trade receivables which are past due and not impaired is as follows:

	2009 £'000	2008 £'000
Days outstanding:		
31–60 days	**334**	347
61–90 days	**124**	149
	458	496

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

	£'000
At 1 December 2007	30
Provision for receivables impairment	45
At 30 November 2008	75

	£'000
At 1 December 2008	75
Receivables written off during the year as uncollectable	28
At 30 November 2009	47

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. The Group does not hold any collateral as security.

Notes to the Financial Statements

Year ended 30 November 2009

18 OTHER INTEREST BEARING LOANS AND BORROWINGS

	2009 £'000	2008 £'000
Current		
Finance leases	—	2
Non-current		
Convertible loan notes and bank loans	1,655	52

Obligations under finance leases are secured on the related leased assets.

On 30 June 2009 £1,750,000 Convertible Loan Notes were issued. The Notes mature on 30 June 2014 and carry a coupon of 6% per annum, payable semi-annually until such time as they are 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. The Company reserved the right to redeem the Notes, in whole or part, at any time within 18 months of the date of issue, at a premium of 10%.

On 9 July 2009 the Company issued a further £100,000 Convertible Loan notes with the same terms as those issued on 30 June 2009 except that their maturity date is 9 July 2014.

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:

	2009 £'000
Proceeds of issue of convertible loan notes	1,850
Equity component	(186)
Deferred taxation	(72)
	1,592
Interest charged	63
Liability component at 30 November 2009	1,655

The equity component of £185,882 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 5 month period since the loan notes were issued. 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 2009 represents the effective interest rate less interest paid to that date.

19 CASH AND CASH EQUIVALENTS

	2009 £'000	2008 £'000
Cash at banks and in hand	**1,714**	763

Cash at banks earns interest at floating rates based on daily bank deposit rates.

20 TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	**348**	614
Other taxes and social security costs	**118**	136
VAT payable	**196**	122
	662	872

21 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 debtors and creditors that arise directly from its operations. The main risks arising from the Group financial instruments are interest rate and liquidity risks. 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 and other borrowings. Short-term flexibility is satisfied by overdraft facilities in the individual subsidiaries which are repayable on demand and due for renewal on varying dates. Exposure and interest rate fluctuations on its borrowings are managed by the use of both fixed and floating facilities. The Group also mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations.

At 30 November 2009 borrowings comprised:

- Fixed interest finance leases of £nil (2008: £2,000) where the leases are secured on the assets to which they relate.

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 adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on cash flow of the Group.

The Group's principal financial instruments for fundraising are through share issues. The Group has various other financial instruments such as cash, trade receivables and trade payables that arise directly from its operations.

Notes to the Financial Statements

Year ended 30 November 2009

21 FINANCIAL INSTRUMENTS continued

2009	Loans and receivables £'000	Investments at fair value through the profit and loss account £'000	Total £'000
Assets per the balance sheet			
Trade and other receivables excluding prepayments	1,481	—	1,481
Cash and cash equivalents	1,714	—	1,714
	3,195	—	3,195
Liabilities per the balance sheet			
Trade and other payables excluding accruals	662	—	662
Cash and cash equivalents	1,655	—	1,655
	2,317	—	2,317

2008	Loans and receivables £'000	Investments at fair value through the profit and loss account £'000	Total £'000
Assets per the balance sheet			
Trade and other receivables excluding prepayments	1,490	—	1,490
Cash and cash equivalents	763	—	763
	2,253	—	2,253
Liabilities per the balance sheet			
Trade and other payables excluding accruals	872	—	872
Cash and cash equivalents	54	—	54
	926	—	926

22 FINANCIAL 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 product is no longer competitive
- Cash flow and liquidity risk — that we run out of day-to-day liquidity
- Credit risk — that our customers do not pay
- Key personnel risk — that we cannot attract and keep good people

22 FINANCIAL RISK MANAGEMENT continued

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 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 investments but we tackle these risks as follows:

- We encourage an investment of up to 5% of revenue on product research and development
- We are building our sales teams 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 seven individual Company units, all of which have their individual working capital movements during a trading month. At the end of 2009 we had no bank borrowing but 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, when appropriate, only once cash is received
- We monitor detailed aging analysis of debtors from each subsidiary on a monthly basis
- We encourage subsidiary cash generation by minimising the 'sweeping' of cash to Head Office
- We track the link between reported profit and generated cash as a key indicator of Company performance.

Credit risk

A sale is not a sale until the customer has paid. Our sales are split about 60:40 between public and private sector organisations. Whilst recognising that circumstances change, we are of the opinion that the public sector will pay its bills providing the purchasing rules have been followed. We have no reason to change this view at the present time. The private sector however remains a high risk and we need to be very diligent about our approach to these sales:

- We will not do business without a purchase order number
- 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

22 FINANCIAL RISK MANAGEMENT continued

Key personnel risk

This is a people business. Our technical staff creates the product and our sales staff sell it. In 2009 60% of our operating costs 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 recognising that we are not a multinational Company, we address this risk as follows:

- We take care to take references when recruiting
- We 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 organisation
- We pay competitive market prices, recognising regional differences
- We incentivise subsidiary managing directors on subsidiary profit performance
- We have a broadly distributed approved option scheme for senior employees

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to allow for future acquisition and growth.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, and issue new shares.

- 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 our 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 such as ours new acquisition opportunities will be found sooner or later.
- As an incentivisation tool for management using equity based payments, in line with market prices at the time of grant, align shareholders and management and are an important part of our remuneration strategy.
- Financial performance has not justified a dividend to date. However, once the turnaround of 2009 has been more clearly established the board intends to begin paying a regular dividend as a reflection of growing confidence in future performance.

23 DEFERRED TAX ASSET

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

	Accelerated tax depreciation £'000	Convertible loan note equity component £'000	Share-based payment £'000	Tax losses £'000	Total £'000
At 1 December 2007	—	—	—	—	—
Charge to income	2	—	—	195	197
On acquisition of subsidiary	—	—	—	218	218
Charge to equity	—	—	—	—	—
At 30 November 2008	2	—	—	413	415
At 1 December 2008	2	—	—	413	415
Charge to income	(10)	(55)	26	(2)	(41)
Charge to equity	—	—	64	—	64
At 30 November 2009	**(8)**	**(55)**	**90**	**411**	**438**

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 the 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:

	2009 £'000	2008 £'000
Deferred tax assets	**493**	415
Deferred tax liabilities	**(55)**	—
	438	415

24 SHARE CAPITAL

Equity	2009 £'000	2008 £'000
Authorised:		
Equity: 175,000,000 Ordinary shares of 0.5p each	**878**	878
Allotted, issued and fully paid:		
159,437,363 Ordinary shares of 0.5p each (2008: 154,800,999 ordinary shares of 0.5p each)	**797**	779
Non-equity		
Authorised:		
191,177 8.5% Redeemable preference shares of £1 each	**191**	191
50,000 Redeemable shares of £1 each	**50**	50
	241	241

On 10 December 2008 the Company issued 3,636,364 shares of 0.5 pence each at a price of 2.75 pence. These shares were allocated to R R Jackson, non executive director.

Ordinary share options granted and subsisting at 30 November 2009 were as follows:

Date of grant	Option price	Number of shares	Exercisable between
17 October 2005	8.0p	90,000	Oct 2008–Oct 2015
24 April 2006	7.5p	881,303	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
1 February 2008	2.75p	1,000,000	Feb 2010–Feb 2018
23 October 2008	2.75p	23,300,000	No time limit
3 April 2009	2.75p	1,000,000	Apr 2012–Apr 2019
8 April 2009	3.0p	5,999,999	Apr 2012–Apr—2019
19 May 2009	3.5p	200,244	Nov 2009–Nov 2016
29 September 2009	4.375p	2,000,000	Sept 2012–Sept 2019

No share options were exercised in the financial year.

25 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company has a share option scheme for employees of the Group. Details of the share options are as follows:

At 1/12/08 No.	in year No.	Granted in year No.	Lapsed 30/11/09 No.	At Exercise price	Exercise date From	To
775,000	—	775,000	—	9.25p	Nov 2006	Nov 2013
1,207,500	—	1,207,500	—	10.0p	Dec 2007	Dec 2017
900,000	—	810,000	90,000	8.0p	Oct 2008	Oct 2015
911,968	—	30,665	881,303	7.5p	Apr 2009	Apr 2016
100,000	—	—	100,000	6.75p	Nov 2009	Nov 2016
866,667	—	755,000	111,667	6.75p	Nov 2010	Nov 2017
2,000,000	—	1,000,000	1,000,000	2.75p	Feb 2010	Feb 2018
23,300,000	—	—	23,300,000	2.75p	Immediately	
—	1,000,000	—	1,000,000	2.75p	Apr 2012	Apr 2019
—	5,999,999	—	5,999,999	3.0p	Apr 2012	Apr 2019
—	200,244	—	200,244	3.5p	Nov 2009	Nov 2016
—	2,000,000	—	2,000,000	4.375p	Sept 2012	Sept 2019
30,061,135	9,200,243	4,578,165	34,683,213			

During the year to 30 November 2009 no share options were exercised.

Details of the number of share options and the weighted average exercise price ('WAEP') outstanding during the year are as follows:

	2009 Number	**2009 WAEP (pence)**	2008 Number	2008 WAEP (pence)
Outstanding at start of year	**30,061,135**	**3.64**	5,261,968	8.44
Granted during year	**9,200,243**	**3.28**	25,300,000	2.75
Exercised during year	**—**	**—**	—	—
Forfeited during the year	**4,578,165**	**7.38**	500,833	9.22
Outstanding at the year end	**34,683,213**	**3.05**	30,061,135	3.64
Exercisable at the year end	**24,571,547**	**2.96**	26,182,500	3.46

2009

During the year ended 30 November 2009 the following share options were granted:

On 3 April 2009 the Company granted 1,000,000 share options to J Arnold with an exercise price of 2.75p.

On 8 April 2009, 5,999,999 shares were issued to former shareholders in Solcara Ltd at an exercise price of 3p. These beneficiaries included R R Jackson who was granted 3,381,318 options.

On 19 May 2009 the Board approved a new option grant of 200,244 to certain existing option holders replacing the previous scheme, at an exercise price of 3.5p.

On 29 September 2009, J J Hamer was granted 2,000,000 unapproved options at an exercise price of 4.375p.

All the above options vest if the beneficiaries are employed at the first exercise date.

25 EQUITY-SETTLED SHARE-BASED PAYMENTS continued

2009 continued

The following information is relevant to the determination of the fair value of the options:

Option pricing model used — Black–Scholes
Share price is the same as the exercise price for all options granted in the year ended 30 November 2009.
Expected volatility — 40%–60%
Expected life of the options — 7 years
Expected dividend yield — Nil
Risk free interest rate— ½%
Leaver risk —20%–40%

The calculated share option valuation charge is not significant and no charge has been recognised in the income statement.

2008

During the year ended 30 November 2008 the following share options were granted:

On 1 February 2008 the Company granted 2,000,000 share options with an exercise price of 2.75p, an exercise period of February 2010 to February 2018, and the only vesting condition being that the beneficiaries are employed by the Group on exercise date.

Option pricing model used — Black–Scholes
Share price at date of grant — 2.875p
Expected volatility — 50%
Expected life of the options — 7 years
Expected dividend yield — Nil
Risk free interest rate — 5%
Leaver risk — 50%

The calculated share option valuation charge was not significant and no charge was been recognised in the income statement.

2008 — Prior year adjustment

On 23 October 2008, 23,300,000 warrants were granted to M Jackson, D Lowe and Elderstreet VCT plc linked to their investment in the Company at that time. The share price at the time meant that no valuation charge was made in the 2008 accounts although subsequently it transpired that a condition of these warrants was that they were immediately exercisable. The share option valuation charge resulting was £182,672 which has been dealt with as a prior year adjustment in the Group's Consolidated Income Statement for the year ended 30 November 2008.

The assumptions used in arriving at this valuation were:

Option pricing model used — Binomial
Share price on the date of both grant and vesting — 2.25p
Expected volatility — 50%
Expected life of the options — 7 years
Expected dividend yield — Nil
Risk free interest rate — 3%
Leaver risk — 0%

25 EQUITY-SETTLED SHARE-BASED PAYMENTS continued

2008 — Prior year adjustment continued

The prior year adjustment impacted on the Group's financial statements as follows:

	2008 £'000
Charge to Consolidated Income Statement	183
Basic loss per share — as previously stated	(5.11)p
Basic loss per share — as restated	(5.27)p
Diluted loss per share — as previously stated	(4.05)p
Diluted loss per share — as restated	(5.27)p

At 30 November 2009 the share price had risen above the option price giving rise to a deferred tax asset £89,705, an equity component of £64,131 and a credit included in this year's taxation charge of £25,574.

26 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 2008 £'000	Cash flows £'000	**As at 30 November 2009 £'000**
Cash in hand and at bank	763	951	**1,714**
Bank loan	(40)	40	**—**
Other loan	(4)	4	**—**
Leasing agreements	(2)	2	**—**
	(46)	46	**—**
Total	717	997	**1,714**

27 COMMITMENTS

Capital commitments

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

Finance lease commitments

Future commitments under finance lease agreements are as follows:

	2009 £'000	2008 £'000
Amounts payable within 1 year	**—**	2
Between 1 and 2 years	**—**	—
	—	2

Financial Statements

Notes to the Financial Statements

Year ended 30 November 2009

27 COMMITMENTS continued

The Group financed part of its development costs by way of a short-term finance lease. This was a one-off finance arrangement as the Group does not usually acquire any of its assets by way of financing agreements. This finance lease was fully settled by 30 November 2009 (2008: £2,000).

The fair value of the Group's leasing arrangements is approximately equal to their carrying values.

Operating lease commitments

At 30 November 2009, the Group was committed to making the following payments in respect of operating leases for land and buildings expiring:

	Land and buildings		Other	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Amounts payable within 1 year	**43**	5	**—**	3
Between 2 and 5 years	**64**	26	**—**	—
After more than 5 years	**—**	48	**—**	—
	107	79	**—**	3

The Group leases various offices and storage units under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years and they are renewable at the end of the lease period at a market rate.

28 RELATED PARTY TRANSACTIONS

Each of the directors has received a portion of their remuneration through their individual service companies during the year. The amounts involved are as follows and relate to activities outside their responsibilities as directors:

	2009 £	2008 £
M Jackson	**10,000**	10,000
J J Hamer	**22,000**	15,833
D Lowe	**2,000**	1,250
R Jackson	**22,750**	2,083
	56,750	29,166

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

These amounts are included in the remuneration details in note 6.

29 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 £68,293 (2008: £64,000) was contributed by the Group to individual pension schemes. At 30 November 2009 no pension contributions were outstanding (2008: £5,925).

30 EVENTS AFTER THE BALANCE SHEET DATE

Acquisition

On 1 March 2010 the Group acquired the entire share capital of Cobent Ltd, a Company founded in 2003 by Howard Sears, which has developed a 'gold standard' training and compliance delivery platform operating in a number of markets including FDA, FSA and HSE regulated industries. It has a Blue Chip client base in the UK and US.

Details of the purchase consideration, before costs of acquisition, are as follows:

	£'000
Purchase consideration:	
Cash paid	3,000
Issue of shares — 33,333,333 ordinary 0.5p shares	2,000
Deferred consideration	200
Total purchase consideration	5,200

At this date the completion accounts for Cobent Limited have not been prepared and thus the assets, including goodwill, and liabilities arising from the acquisition are not yet known.

Equity transaction

On 1 March 2010 the Company raised £3,000,000 through the issue of 60,000,000 ordinary 0.5p shares for cash. The Company is using the proceeds to fund the acquisition of Cobent Limited as above.

Financial Statements

Company Balance Sheet

Year ended 30 November 2009

	Note	2009 £'000	Restated 2008 £'000
Fixed assets			
Tangible assets	2	**7**	14
Investments	3	**6,483**	3,884
		6,490	3,898
Current assets			
Debtors	4	**1,349**	1,401
Cash at bank and in hand		**51**	363
		1,400	1,764
Creditors: amounts falling due within one year	5	**(1,359)**	(849)
Net current assets		**41**	915
Creditors: amounts falling due over one year	6	**(1,655)**	—
Net assets		**4,876**	4,813
Capital and reserves			
Share capital	7	**797**	779
Share premium account	9	**8,955**	8,873
Capital redemption reserve	9	**191**	191
Share option valuation reserve	9	**247**	183
Equity reserve	9	**186**	—
Profit and loss account	9	**(5,500)**	(5,213)
Equity shareholders funds	10	**4,876**	4,813

The financial statements were approved by the board of directors on 26 February 2010 and signed on its behalf by:

M E W Jackson
Chief Executive

Notes to the Company Financial Statements

Year ended 30 November 2009

1 ACCOUNTING POLICIES

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

The particular accounting policies adopted by the Company are described below.

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 — 20% on cost

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 either the Black–Scholes or the Binomial option pricing models. Further details are set out in note 8.

Investments

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

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.

Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

Taxation

Current tax is the tax currently payable based on taxable profits for the year.

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 it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the Company Financial Statements

Year ended 30 November 2009

1 ACCOUNTING POLICIES continued

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, net of income tax effects, and is not subsequently remeasured.

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.

2 TANGIBLE FIXED ASSETS

Company	Fixtures fittings and equipment £'000
Cost	
At 1 December 2008 and at 30 November 2009	34
Depreciation	
At 1 December 2008	20
Charge for the year	7
At 30 November 2009	27
Net Book value	
At 30 November 2009	**7**
At 30 November 2008	14

Financial Statements

3 INVESTMENTS

	Investment in subsidiary undertakings £'000
Cost	
At 1 December 2008	8,187
Additions	2,599
At 30 November 2009	10,786
Impairment	
At 1 December 2008	4,303
Charge for year	—
At 30 November 2009	4,303
Net book value	
At 30 November 2009	**6,483**
At 30 November 2008	3,884

At 30 November 2009 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 principal trading subsidiaries are set out below:

Subsidiary	Activities
Due North Limited	Software development
Management Services 2000 Limited	Software development
Access Intelligence Media and Communications Limited (formerly Ether Ray Ltd)	Software development
Solcara Limited	Information search software
Willow Starcom Limited	Maintenance and support of computer software and hardware data management, storage systems and subscription based disaster recovery
Wired Gov Limited	Subscription based information services

On 30 June 2009 the Company acquired 100% of the share capital, business, assets and liabilities of Access Intelligence Media and Communications Limited (formerly Ether Ray Limited, a UK media and communications software management Company.

Acquisitions are accounted for under the acquisition method.

Notes to the Company Financial Statements

Year ended 30 November 2009

3 INVESTMENTS continued

The fair and book values of the assets and goodwill acquired is set out below:

	Book value £'000	Adjustment £'000	Fair value £'000
Net liabilities acquired			
Fixed assets	8	—	8
Trade and other debtors	253	—	253
Cash	889	—	889
Trade and other creditors	(825)	—	(825)
Brand value	—	1,200	1,200
	325	1,200	1,525
Goodwill	1,074	—	1,074
	1,399	1,200	2,599
Made up of:			
Consideration (in cash)	2,476		2,476
Costs	123		123
	2,599		2,599

Brand value is in respect of the acquisition of software.

Goodwill represents the value of synergies and the acquiree's assembled workforce.

In the 15 months to 30 November 2009 Access Intelligence Media and Communications Limited (formerly Ether Ray Ltd) made a profit after tax of £417,967, of which £293,269 arose in the period from 1 September 2008 and 30 June 2009. The summarised profit and loss account for the period from 1 September 2008 to 30 June 2009, shown on the basis of the accounting policies of Access Intelligence Media and Communications Limited prior to the acquisition are as follows:

Profit and loss account	Total £'000
Turnover	954
Cost of sales	(72)
Gross profit	882
Administrative expenses	(500)
Operating profit	382
Interest received	6
Profit on ordinary activities before tax	388
Tax on profit on ordinary activities	(95)
Profit on ordinary activities after tax	293

4 DEBTORS

	2009 £'000	2008 £'000
Amounts due from Group undertakings	**1,126**	1,137
VAT	**7**	35
Corporation tax	**—**	15
Deferred taxation	**192**	105
Prepayments and accrued income	**24**	109
	1,349	1,401

5 CREDITORS: DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Amounts due to Group undertakings	**1,209**	451
Trade creditors	**74**	225
Other taxes and social security	**6**	1
Accruals and other creditors	**70**	172
	1,359	849

6 CREDITORS: DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Convertible loan notes	**1,655**	—

On 30 June 2009 £1,750,000 Convertible Loan Notes were issued. The Notes mature on 30 June 2014 and carry a coupon of 6% per annum, payable semi-annually until such time as they are 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. The Company reserved the right to redeem the Notes, in whole or part, at any time within 18 months of the date of issue, at a premium of 10%.

On 9 July 2009 the Company issued a further £100,000 Convertible Loan notes with the same terms as those issued on 30 June 2009 except that their maturity date is 9 July 2014.

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:

	2009 £'000
Proceeds of issue of convertible loan notes	**1,850**
Equity component	**(186)**
Deferred taxation	**(72)**
	1,592
Interest charged	**63**
Liability component at 30 November 2009	**1,655**

Notes to the Company Financial Statements

Year ended 30 November 2009

6 CREDITORS: DUE AFTER MORE THAN ONE YEAR continued

The equity component of £185,882 has been credited to equity reserve (see note 10). The interest charged for the year is calculated by applying an effective rate of interest of 9.8% to the liability component for the five month period since the loan notes were issued. 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 2009 represents the effective interest rate less interest paid to that date.

7 SHARE CAPITAL

Equity	2009 £'000	2008 £'000
Authorised:		
Equity: 175,000,000 Ordinary shares of 0.5p each	**875**	875
Allotted, issued and fully paid:		
159,437,363 Ordinary shares of 0.5p each (2008: 154,800,999 ordinary shares of 0.5p each)	**797**	779
Non-equity		
Authorised:		
191,177 8.5% Redeemable preference shares of £1 each	**191**	191
50,000 Redeemable shares of £1 each	**50**	50
	241	241
Allotted, issued and fully paid:		
Nil 8.5% Redeemable preference shares of £1 each	**—**	—

On 10 December 2008 the Company issued 3,636,364 shares of 0.5 pence each at a price of 2.75 pence. These shares were allocated to R R Jackson, non executive director.

Ordinary share options granted and subsisting at 30 November 2009 were as follows:

Date of grant	Option price	Number of shares	Exercisable between
17 October 2005	8.0p	90,000	Oct 2008–Oct 2015
24 April 2006	7.5p	881,303	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
1 February 2008	2.75p	1,000,000	Feb 2010–Feb 2018
23 October 2008	2.75p	23,300,000	No time limit
3 April 2009	2.75p	1,000,000	Apr 2012–Apr 2019
8 April 2009	3.0p	5,999,999	Apr 2012–Apr—2019
19 May 2009	3.5p	200,244	Nov 2009–Nov 2016
29 September 2009	4.375p	2,000,000	Sept 2012–Sept 2019

No share options were exercised in the financial year.

8 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company has a share option scheme for employees of the Group. Details of the share options are as follows:

At 1/12/08 No.	in year No	Granted in year No	Lapsed 30/11/09 No	At Exercise price	Exercise date From	To
775,000	—	775,000	—	9.25p	Nov 2006	Nov 2013
1,207,500	—	1,207,500	—	10.0p	Dec 2007	Dec 2017
900,000	—	810,000	90,000	8.0p	Oct 2008	Oct 2015
911,968	—	30,665	881,303	7.5p	Apr 2009	Apr 2016
100,000	—	—	100,000	6.75p	Nov 2009	Nov 2016
866,667	—	755,000	111,667	6.75p	Nov 2010	Nov 2017
2,000,000	—	1,000,000	1,000,000	2.75p	Feb 2010	Feb 2018
23,300,000	—	—	23,300,000	2.75p	Immediately	
—	1,000,000	—	1,000,000	2.75p	Apr 2012	Apr 2019
—	5,999,999	—	5,999,999	3.0p	Apr 2012	Apr 2019
—	200,244	—	200,244	3.5p	Nov 2009	Nov 2016
—	2,000,000	—	2,000,000	4.375p	Sept 2012	Sept 2019
30,061,135	9,200,243	4,578,165	34,683,213			

During the year to 30 November 2009 no share options were exercised.

Details of the number of share options and the weighted average exercise price ('WAEP') outstanding during the year are as follows:

	2009		2008	
	Number	**WAEP (pence)**	Number	WAEP (pence)
Outstanding at start of year	**30,061,135**	**3.64**	5,261,968	8.44
Granted during year	**9,200,243**	**3.28**	25,300,000	2.75
Exercised during year	**—**	**—**	—	—
Forfeited during the year	**4,578,165**	**7.38**	500,833	9.22
Outstanding at the year end	**34,683,213**	**3.05**	30,061,135	3.64
Exercisable at the year end	**24,571,547**	**2.96**	26,182,500	3.46

8 EQUITY-SETTLED SHARE-BASED PAYMENTS continued

2009

During the year ended 30 November 2009 the following share options were granted:

On 3 April 2009 the Company granted 1,000,000 share options to J Arnold with an exercise price of 2.75p.

On 8 April 2009, 5,999,999 shares were issued to former shareholders in Solcara Ltd at an exercise price of 3p. These beneficiaries included R R Jackson who was granted 3,381,318 options.

On 19 May 2009 the board approved a new option grant of 200,244 to certain existing option holders replacing the previous scheme, at an exercise price of 3.5p.

On 29 September 2009, J J Hamer was granted 2,000,000 unapproved options at an exercise price of 4.375p.

All the above options vest if the beneficiaries are employed at the first exercise date.

The following information is relevant to the determination of the fair value of the options:

Option pricing model used — Black–Scholes
Share price is the same as the exercise price for all options granted in the year ended 30 November 2009.
Expected volatility — 40%–60%
Expected life of the options — 7 years
Expected dividend yield —Nil
Risk free interest rate — ½%
Leaver risk — 20%–40%

The calculated share option valuation charge is not significant and no charge has been recognised in the income statement.

2008

During the year ended 30 November 2008 the following share options were granted:

On 1 February 2008 the Company granted 2,000,000 share options with an exercise price of 2.75p, an exercise period of February 2010 to February 2018, and the only vesting condition being that the beneficiaries are employed by the Group on exercise date.

Option pricing model used — Black–Scholes
Share price at grant date — 2.875p
Expected volatility — 50%
Expected life of the options — 7 years
Expected dividend yield — Nil
Risk free interest rate — 5%
Leaver risk —50%

The calculated share option valuation charge was not significant and no charge was been recognised in the income statement.

8 EQUITY-SETTLED SHARE-BASED PAYMENTS continued

2008 — Prior year adjustment

On 23 October 2008, 23,300,000 warrants were granted to M Jackson, D Lowe and Elderstreet VCT plc linked to their investment in the Company at that time. The share price at the time meant that no valuation charge was made in the 2008 accounts although subsequently it transpired that a condition of these warrants was that they were immediately exercisable. The share option valuation charge resulting was £182,672 which has been dealt with as a prior year adjustment in the Group's Consolidated Income Statement for the year ended 30 November 2008.

The assumptions used in arriving at this valuation were:

Option pricing model used — Binomial
Share price on the date of both grant and vesting — 2.25p
Expected volatility — 50%
Expected life of the options — 7 years
Expected dividend yield — Nil
Risk free interest rate — 3%
Leaver risk — 0%

The prior year adjustment impacted on the Group's financial statements as follows:

	2008 £'000
Charge to Consolidated Income Statement	183
Basic loss per share — as previously stated	(5.11)p
Basic loss per share — as restated	(5.27)p
Diluted loss per share — as previously stated	(4.05)p
Diluted loss per share — as restated	(5.27)p

At 30 November 2009 the share price had risen above the option price giving rise to a deferred tax asset £89,705, an equity component of £64,131 and a credit included in this year's taxation charge of £25,574.

9 RESERVES

	Share option valuation reserve £'000	Equity reserve £'000	Share premium £'000	Capital redemption £'000	Profit and loss £'000
At 1 December 2008	183	—	8,873	191	(5,213)
Loss for the year	—	—	—	—	(287)
Arising on issue of share capital	—	—	82	—	—
Arising on issue of warrant	64	—	—	—	—
Arising on issue of loan notes	—	186	—	—	—
At 30 November 2009	**247**	**186**	**8,955**	**191**	**(5,500)**

Notes to the Company Financial Statements
Year ended 30 November 2009

10 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2009 £'000	Restated 2008 £'000
Opening shareholders' funds	**4,813**	8,621
(Loss)/profit for the financial year	**(287)**	(5,188)
Equity shares issued in the year	**18**	230
Share premium on equity shares issued	**82**	1,035
Costs incurred	**—**	(68)
Share option valuation reserve	**64**	183
Equity reserve arising on issue of loan notes	**186**	—
Closing shareholders' funds	**4,876**	4,813

11 COMMITMENTS

Capital commitments

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

Operating lease commitments

At 30 November 2009, the Group was committed to making the following payments during the next year in respect of operating leases for land and buildings expiring:

	Land and buildings 2009 £'000	2008 £'000
Amounts payable within 1 year	**26**	—
Between 2 and 5 years	**—**	26

12 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions between itself and its wholly owned subsidiary companies on the grounds that it prepares consolidated accounts.

Each of the directors has received a portion of their remuneration through their individual service companies during the year. The amounts involved are as follows and relate to activities outside their responsibilities as directors:

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

	2009 £	2008 £
M Jackson	**10,000**	10,000
J J Hamer	**22,000**	15,833
D Lowe	**2,000**	1,250
R Jackson	**22,750**	2,083
	56,750	29,166

13 EVENTS AFTER THE BALANCE SHEET DATE

Acquisition

On 1 March 2010 the Group acquired the entire share capital of Cobent Ltd, a Company founded in 2003 by Howard Sears, which has developed a 'gold standard' training and compliance delivery platform operating in a number of markets including FDA, FSA and HSE regulated industries. It has a Blue Chip client base in the UK and US.

Details of the purchase consideration, before costs of acquisition, are as follows:

	£'000
Purchase consideration:	
Cash paid	3,000
Issue of shares — 33,333,333 ordinary 0.5p shares	2,000
Deferred consideration	200
Total purchase consideration	5,200

At this date the completion accounts for Cobent Limited have not been prepared and thus the assets, including goodwill, and liabilities arising from the acquisition are not yet known.

Equity transaction

On 1 March 2010 the Company raised £3,000,000 through the issue of 60,000,000 ordinary 0.5p shares for cash. The Company is using the proceeds to fund the acquisition of Cobent Limited as above.

Innovative Compliance Solutions

Access Intelligence Plc
32 Bedford Row
London
WC1R 4HE

T: +44 (0) 20 7400 0485
F: +44 (0) 20 7831 5077