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Statement by the Chairman

Introduction

The Board of IS Solutions Plc is pleased to report that the business finished strongly in the year under review achieving an uplift in both revenue and profitability which was in line with revised market expectations and significantly ahead of the prior period

Our business is driven totally by data – since the acquisition of the Celebrus Technologies software business in January 2015 the Company has refocussed its strategy and business model to providing management and analysis of data with its key markets being retail and financial services. The Group is operating in a market where business intelligence and analytics is one of the fastest and exciting growing software markets and with our extensive technical 'know-how' and skills base we are able to further build on our current market position within the data solutions arena both in the domestic and overseas markets

Summary review of the year ended 31 March 2016

Our range of data solutions enables the end-to-end management of the entire data lifecycle, from the initial creation of data, all the way through to its eventual retirement into industry-compliant archives. Throughout this lifecycle, the Group continually drives value from that data ensuring that clients are able to maximise the usefulness of, and investment made in, their information assets. This successful business model has driven both top and bottom line increases for the Company with growth coming from its core data analytics business which has shown a substantial improvement period-on-period of 126%. At the same time Celebrus has been transformed from a loss-making business (prior to acquisition), contributing £0.79m to pre-tax profits in its first full year in the group.

Our focus on the application of data to the fundamentals of our clients' business needs has led to substantial growth in our project work (which can be seen below), and will fuel growth in our recurring revenue going forward.

	Year ended 31 March 2016 £'000	6-months ended 30 September 2015 £'000	15-months ended 31 March 2015 £'000	% period on period growth
<i>Licence sales</i>	2,974	1,448	1,927	54%
<i>Projects</i>	10,666	4,768	6,146	74%
<i>Recurring income</i>	4,969	2,254	4,766	4%
	18,609	8,470	12,839	45%

Statement by the Chairman (Continued)

The combination of the established and well respected brands of IS Solutions and Celebrus has opened up a number of cross-selling opportunities and, at the same time, it has created a much more balanced business with stronger higher margin license sales and progressively greater project and recurring revenue. Over the last twelve months, we have seen strong demand for our offering across both brands which has manifested in the number of major projects being secured with new and existing customers operating within the retail and financial services sectors. In addition, these new projects, will generate continuing recurring revenue, which is very reassuring in terms of cashflow and working capital. It is encouraging also that in 2016 demand continues for our services, we are in dialogue on a number of other exciting projects and this underpins our confidence in our pipeline of prospects.

The establishment of both a US office and the expansion of our European direct salesforce are going well with both these initiatives giving the Company the opportunity to provide real time customer service and support whilst taking its collective portfolio to a broader customer profile. The costs of these investments should start showing a return from the second half of this year.

Financials

The fifteen-month comparative period reflects the change in accounting period following the acquisition of Celebrus which was completed in January 2015. We have included the comparative 2016 HY reported results which we believe give a good indication of the on-going trading position of the business in relation to the overall twelve months the Directors are reporting upon.

	Year ended 31 March 2016	6-months ended 30 September 2015	15-months ended 31 March 2015	% period on period growth
Revenue				
-Continuing business (IS Solutions)	£15.30m	£7.04m	£12.29m	
-Celebrus Technologies (Celebrus)	£3.30m	£1.43m	£0.55m (6 weeks)	
	£18.60m	£8.47m	£12.84m	45%
Gross profit	£9.21m	£3.96m	£4.67m	97%
GP margin	49.52%	46.75%	36.37%	+13.15 points
Underlying pre-tax profit*	£3.50m	£1.54m	£1.22m	187%
Adjusted fully diluted EPS	8.24p	3.36p	3.86p	113%
Dividend for the period	2.00p	0.50p	0.56p	257%
Strong cash generation – gross cash position	£5.00m	£2.09m	£0.09m	5456%

*before amortisation of intangibles and share based payments charges and 2015 acquisition costs (£0.54m)

Statement by the Chairman (Continued)

Revenue in the year under review was £18.6 million, an increase of 45%, over the comparative period

Gross profit was £9.21m whilst underlying profit before tax was £3.50m* against £1.22m (in the previous 15-month accounting period). Administration costs were £1.99m (2015: £1.56m principally as a result of non-recurring costs including acquisition related charges totalling £0.27m). Therefore, reported profit from operations is £3.29m (2015: £0.69m) and profit for the period is £2.94m (2015: £0.53m).

Cash and cash equivalents at 31 March 2016 stood at £5.00 million (2015: £0.09m). Total net assets at the end of the period were £14.65m compared to £11.86m in March 2015. The company also has an overdraft facility of £0.50m renewable in July 2016.

Adjusted fully diluted earnings per share was 8.24 pence (2015: 3.86p), unadjusted diluted EPS was 7.64 pence (2015: 1.92p).

Dividend

The Board is recommending a final dividend of 1.5p. Subject to Shareholder approval at the Annual General Meeting which is to be held on 20th July 2016, the final dividend will be paid on 12 August 2016 to Shareholders on the Register at the close of business on 15 July 2016. The Ordinary shares become ex-dividend on 14 July 2016. The Dividend is covered 4.0 times by earnings.

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

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

People

In total, the Group employs 113 staff, its ongoing objective is to recruit and retain quality staff and also invest in its people at all levels through training and personal development programmes, as well as delivering greater productivity and personal progression ensures the business has the right balance of technical expertise and know-how to enable it to continue the development of its business model in both the domestic and international markets.

The Company welcomes all new staff who joined the business during the year and congratulates a number of them on their senior promotions: these include Carmel Warren on her appointment as CFO (November 2015) and a Director of the PLC Board, and Mark Boxall as Operations Director (November 2015).

On behalf of all shareholders, the Board would also like to acknowledge the hard work and commitment of all of our highly skilled technical staff around the world who continue to work together to enhance the Group's reputation with both the Company's customers and suppliers.

Succession planning at the Executive management level has also ensured that the business can continue to deliver its strategic objectives and ambitions as well as driving trading performance for the benefit of all stakeholders. At the start of the new financial year and following 30 years of service, John Lythall retired as an Executive Director however he remains with the business as a Consultant and Non-Executive Director. Taking over the mantle was Peter Kear, co-founder of IS Solutions. The combination of our team's extensive hands-on knowledge and commercial experience gained over years at senior operational levels will be invaluable as the Company delivers the next stage in our growth aspirations.

Statement by the Chairman (Continued)

Rebranding the business to reflect the new business focus

For some time now, the name IS Solutions and brand has been associated with the simple provision of information systems while our business has been delivering so much more than that. Over the last five years the IS Solutions historic model has developed its core strategy and invested in its model to allow it to progressively build a core data analytics business supported by all the other ancillary aspects of data services which has subsequently led to the business becoming a true Data Solutions provider whilst also giving us the opportunity to develop a much more balanced business with stronger higher margin license sales giving rise to greater project and recurring revenue.

The Group's new market focus brings together existing fields of expertise and new skills to create a comprehensive and cohesive core of data solutions. This emphasis on data is an evolution of many years of experience in providing solutions for clients' data needs. In recent years, this has taken shape around the Company's growing capabilities in enabling its customers to profit from their data in terms of organising it, monetising it and gaining benefit from it. The business' new areas take it to the next level of data solutions and create further pull-through opportunities for the more established areas of the business.

In order to reflect this step change the Board has already announced its intention, subject to shareholder approval in July 2016, to rename the Company and rebrand it **D4t4 Solutions Plc**. This new branding strongly reflects a clearer focus of our key specialisms and you will find more information on this in the Chief Executive's Statement.

Outlook

We continue to make good progress across the business, our focus on Data Solutions, strengthened by our proposed re-branding and last year's acquisition of Celebris Technologies, is generating a number of significant opportunities across new and existing customers in the key sectors of financial services, retail and airlines. The integration of the two businesses continues to open up a number of cross-selling opportunities for us. Celebris, with its strong IP, strengthens our offering in the Analytics arena whilst, as we said before, giving us the opportunity to develop a much more balanced and focussed business with strong, higher margin license sales linked with greater project and recurring revenue.

The market for business intelligence and analytics remains one of the fastest growing software markets. Financial services, retail and airlines are the largest investors in big data solutions, with energy, utilities, communications and media organisations presenting significant growth areas as they seek to optimise the monetisation of their base of customers and potential customers. The ability to individualise and personally target customers is becoming more important to businesses and the Celebris product portfolio caters for this trend. It provides a unique element to the Group's overall focus on the provision on Data Solutions.

All of this bodes well for the future and the Board is confident that the Company can deliver another year of solid progress and will achieve current market expectations for the year ending 31 March 2017.

We look forward to updating shareholders as we progress through the year.



Peter Simmonds, Chairman
24 June 2016

Statement by the Chief Executive Officer

"All About the Data"

2016 has been a significant year in the development of the company – encompassing the first full year of Celebrus Technologies within the group, the repositioning of the company around our core skills in Data Solutions and the rebranding of the company with a new company name

As mentioned in our Chairman's Statement, all of this has been accompanied by a step function in the growth – both top and bottom line – of the company's results. This growth has come from our core data analytics business which has shown growth period-on-period of 126% and we have turned Celebrus from a loss-making business to one contributing £788k to pre-tax profits.

Our traditional business of web development has shrunk but has been more than offset by the growth in analytics and data solutions

So what is our new focus and how radical is it?

The answer is that it's not. It is the result of the investment we have put in over the last five years to build a core data analytics business surrounded by all the other aspects of data manipulation that allow us to be a true Data Solutions company

New Business Focus

Our new market focus areas bring together existing fields of expertise and new skills to create a comprehensive and cohesive core of data solutions. This emphasis on data is a natural and, in my view, inevitable evolution of our many years of experience in providing solutions for our clients' data needs. In recent years, this has taken shape around our growing capabilities in enabling our clients to profit from their data in terms of organising it, monetising it and gaining benefit from it. Our new areas take us to the next level of data solutions and create further pull-through opportunities for the more established areas of the business.

In short, our range of data solutions enables the end-to-end management of the entire data lifecycle, from the initial creation of data, all the way through to its eventual retirement into industry-compliant archives. Throughout this lifecycle, we continually drive value from that data ensuring that our clients are able to maximise the usefulness of, and investment made in, their information assets

In more detail, our new market focus areas are as follows

Data Collection

Our *Data Collection* capabilities are proven through many years of successful delivery in this area. Our own technology, delivered through our division Celebrus Technologies, captures data from any digital channel, enabling its use in any data-driven application – data from anywhere, to anywhere. Traditionally, this has focused on website data collection and has been a very successful area, both directly for IS Solutions and also through Celebrus Technologies' partner ecosystem. The last few years have also seen our technology embrace the huge growth in the use of mobile devices, enabling collection of data both from these and, more recently, from additional technologies like kiosks, retail EPOS machines and other connected devices.

The area of Data Collection also includes solutions that convert paper-based forms on a large scale into digital assets for use in systems of record. These are typically utilised in organisations that have large volumes of customer records or complicated workflow processes that are more efficient when handled electronically

Statement by the Chief Executive Officer (Continued)

Data Management

Data Management has, in many respects, been the thrust of our business for many years and a significant driver of recurring revenues for the company. This area involves the secure storage and management of all forms of data, either in the cloud or on client premises, for presentation through multiple devices and applications. It has historically included the profitable business units of web development, enterprise content management and infrastructure management and continues to be an area of growth for us. In particular, managed services is a crucial area of continued expansion while areas like data storage and information archiving are solutions in which we are investing for future growth.

Data Analysis

This is the area that perhaps offers the most potential for the company. It focuses on delivering value through analytics capabilities that add insight to client data as well as in providing software solutions for the practical use of that data in visualisation, marketing and other business applications.

Our new *Data Insight* practice, launched in April 2016, is an enormously exciting area. It has been a desire for some time now that we add value to our many areas of data expertise by offering consultancy capabilities that answer the vital business questions that our clients are asking themselves – most importantly, how do we interpret our data for the benefit of the business? Our patience in this area was rewarded by the appointment of an industry expert to lead this team, Matthew Tod, previously of digital business optimisation consultancy Logan Tod and Co. and subsequently PwC, will be focused solely on enabling our clients to drive value from their data through programmes that enable greater understanding of its potential and, more importantly, how they can pragmatically address their data challenges. The work of this team will create new opportunities across the business, in the promotion of solutions around Celebris Technologies, in the development of new ideas for the use of data in business applications and, more broadly, in closer engagement on client data initiatives through a better understanding of their strategies for growth.

In addition, the continued success of long-standing partnerships in the area of Data Analysis, with leading industry vendors like SAS and Teradata, will further augment our opportunities for growth in this key area.

Data Solutions

Our *Data Solutions* area covers our proven ability to combine technology and expertise to develop innovative solutions in a multitude of areas. These include established areas like web and mobile application development, systems migrations and upgrades and Software-as-a-Service which have been important areas for us in generating both project and recurring revenue business.

Our commitment to innovation though has also taken us into new areas in the last two years, particularly big data analytics, fraud detection and technology modernisation. These areas have produced some very interesting client opportunities and the business that has resulted to date has had the dual benefits of delivering encouraging profitability and further consolidating our partnerships with industry leaders like EMC and SAS.

We will continue to look for opportunities to innovate, both in the development of our own technology and in the enhancement of partner technologies, with a view to seeking always to offer new benefits to our clients in their use of data.

Statement by the Chief Executive Officer (Continued)

Our Rebranding Programme

The final piece of the puzzle is our rebranding initiative. Our chosen name, D4t4 Solutions Plc, and the corporate identity that underpins the brand (a reminder of which is below) have been the result of a creative process of idea sharing and refinement and we are very pleased with the results. Our brand reflects our complete data focus very effectively, releasing us from the restrictions of our existing brand and offering us new marketing themes that you will start to see over the coming months.



At the time of our rebranding discussions, we saw an opportunity also to expand the impact of the brand by developing supporting materials that formalise our beliefs and approaches. Chief among these is a new set of client values that document our promises to the organisations with which we work.



Innovation

IS Solutions is dedicated to the development of innovative technology that provides insight into your business, drives value from your data and pragmatically addresses your challenges.



Trust

IS Solutions takes pride in its relationships with clients, working hard to understand your business needs and developing trust through professional and responsive service provision.



Security

IS Solutions' advanced technology collects, manages and enables analysis of your data, supporting it with the utmost care for its security.



Collaboration

IS Solutions augments its own technology by collaborating with industry partners that provide further opportunities for engendering the long-term success of your operations.

These values have also been promoted to clients with a request for feedback on our performance against these values. We believe that a bold approach to client relationships, whereby we open ourselves to measurement against our promises, is a valuable means by which these relationships are deepened for the continued long-term success of the company.

Looking to the Future

So, the changes are not so much radical but more a continuation of the course that we have been steering for the last five years. Indeed, we see this year's announcements as the culmination of our strategic work at Board level. The next section demonstrates how our data solutions are being used by clients to support the growth in their businesses and we look forward to reporting the continued progression of our own strategy over the next few years.

A handwritten signature in black ink, appearing to read 'P. Kear'.

Peter Kear, Chief Executive Officer
24 June 2016

All About the Data – and Data Solutions for All

Our new market focus areas enable a simpler understanding for clients of where we can add value to their organisations. They combine areas of long-established expertise with new areas of innovation to create a comprehensive solutions' offering aligned with the complete data needs of a business.

These client examples across all areas, which include many of the long-term relationships of which we are so proud, exemplify our ability to provide data solutions both across technologies and industry sectors. More than that though, they demonstrate that we consistently grow with our clients' needs – we deliver for them the same quality of service on that initial project at the start of our relationship as we do many years later when our involvement has grown to embrace new solutions areas, business units and applications

Data Collection

Our technology, delivered through our division Celebris Technologies, captures data from any digital channel, enabling its use in any data-driven application. We also work with partners to convert paper-based forms on a large scale into digital assets for use in systems of record

comparethemarket.com

comparethemarket.com was launched in 2006 as a motor insurance comparison site and is now one of the UK's leading price comparison brands. As well as a full range of insurance products, **comparethemarket.com** also offers comparisons on credit cards, loans, current accounts and savings accounts, energy prices and telephone and broadband packages. **comparethemarket.com** actively selects its brand partners to ensure quality service to consumers and has worked with IS Solutions since 2009.

Insightful data on **comparethemarket.com** customers provides a clear differentiator with its rivals in this market, the greater the understanding of customer behaviour, the higher the likelihood of providing matches between visitors and products with a positive corresponding impact on revenue generated. IS Solutions delivered a successful Celebris proof-of-concept exercise that allowed the client to understand how collected visitor data could provide the insight needed to model customer behaviour, improve both the site and the products delivered through it and enable the development of differentiators for competitive advantage.

IS Solutions then deployed Celebris into production with a focus on the provision of accurate, aggregated visitor data on how the site was being used. Specifically, insight was sought on how many users were visiting the site and completing the insurance quotation process alongside information on which insurance providers were proving to be the most popular and why that might be. Since then, other areas of focus have been addressed in support of **comparethemarket.com**'s evolving business needs.

"The partnership between IS Solutions and Celebris has provided us with the complete solution for developing insight on consumer behaviour on our site. This insight, in turn, enables us to improve the overall user experience."

SAGA

IS Solutions has worked with Saga since 2010, at which time it was part of the wider Acromas group (with The AA). Following a demerger in 2014, Saga joined the London Stock Exchange as an independent PLC and is now the UK's leading provider of products and services tailored to the needs of the over 50s. Over the company's 60 years in business, it has evolved into a leading provider of high-quality insurance, financial services, travel, healthcare and media products for this market and currently has over 2.1 million active customers.

All About the Data – and Data Solutions for All (Continued)

Our work with Saga has focused on the collection, using Celebris Technologies, of customer behaviour data on their website at www.saga.co.uk for use in dashboarding and modelling. Saga uses the data collected through their digital channels to tailor offers to their customers for an enhanced online user experience. Recently, Saga has used our skills to upgrade their environment to the latest version of Celebris which provides increased opportunities for personalisation and targeting.

Data Management

The secure storage and management of all forms of data, either in the cloud or on client premises, for presentation through multiple devices and applications.

Toyota GB

IS Solutions has worked with leading international automotive manufacturer Toyota for twenty years. For that entire period, we have been focused on the design, development and support of Toyota's UK web presence, our recent work has centred on the delivery of secure, robust hosting facilities to guarantee the performance and availability of Toyota's digital channels. We have also delivered two major migration projects during that period, ensuring that the underlying content management framework for Toyota GB's online presence remains fit for purpose.

IS Solutions has earned a position as trusted technology advisor to Toyota GB in the area of web and mobile, combined with the associated expert areas of security and managed service provision. Our ability to add value through not just the hosting of critical applications but, moreover, via the ongoing monitoring, management and upgrading of those systems, means that Toyota can focus on maintaining its position at the forefront of the UK automotive industry.

URENCO

URENCO is a leading provider of uranium enrichment services for the nuclear energy industry. IS Solutions has been working with URENCO since 2003 on projects around EMC Documentum enterprise content management software and has developed an excellent relationship founded on high quality service delivery. The focus of our partnership was initially the migration of their mission-critical Documentum project collaboration platform, our relationship has since extended to involve the ongoing support of that environment including the provision of consultancy services, system enhancements and training. We have also become a supplier to URENCO of software licences and maintenance.

More recently, we have expanded our reach within URENCO to include their ChemPlants business which focuses on the processing and recycling of depleted uranium chemical by-product for use in industrial applications. To date, this has involved consultancy services and additional Documentum migration skills as the group prepares for the build, operation and commissioning of their first European plant in 2017.

All About the Data – and Data Solutions for All (Continued)

Data Analysis

The value of our analytics capabilities lies in our ability to add insight to client data as well as providing software solutions for the practical use of that data in visualisation, marketing and other business applications.

Shop Direct

Shop Direct, the UK's second largest pureplay online retailer, sells 48 million products to four million customers every year. With 63% of sales now coming via mobile devices, understanding customers' digital interactions is critical to the company's success. Every one of the one million daily website visits is captured by Celebris and used to power customer analytics, segmentation and targeting, customer experience management, marketing and channel optimisation, and real-time personalisation.

A Celebris client since 2009, Shop Direct has combined its considerable experience in database marketing with rapidly growing expertise in digital marketing and analytics to accelerate its digital transformation. The individual-level data from Celebris is used by numerous analytics and marketing teams across Shop Direct, enabling them to put the customer first. This Celebris data foundation, in combination with other technologies, helps Shop Direct understand customers' wants and needs in depth, and respond by delivering the best and most personalised experience possible.

"Celebris is supporting us in becoming a world class digital retailer. It is helping us optimise our marketing investments and deliver a personalised customer experience across our channels."

Ice Organisation

The Ice Organisation operates a flexible loyalty programme which rewards consumers with Ice points for choosing to buy sustainable products and services. Ice has built a network of retailers offering sustainable alternatives to everyday products and services in line with its mission "to mitigate climate change via mass consumer purchase power". IS Solutions has worked with The Ice Organisation since 2007 and was selected to help identify a marketing automation solution to deliver outbound marketing messages to Ice members based on their online activity.

IS Solutions recommended SAS Marketing Automation with SAS Digital Marketing because these products exactly met The Ice Organisation's needs for a scalable, powerful automation system. In addition, we helped to select a high reliability e-mail service provider for sending large numbers of e-mails with the ability to ensure they reached the intended recipient without being blocked. Since implementation, this comprehensive solution has been hosted and managed by IS Solutions on a Software-as-a-Service (SaaS) basis and has been used to send tens of millions of targeted emails to the member base.

"SAS Marketing Automation from IS Solutions will enable Ice to understand the key business drivers that are a key element of our business planning process and will be used to enhance and personalise our marketing initiatives both online and offline."

All About the Data – and Data Solutions for All (Continued)

Data Solutions

Our greatest asset is the experience of our people and we are using our proven skills in combining technology and expertise in the development of innovative solutions in areas like big data analytics, fraud and technology modernisation

Toshiba Europe

Our partnership with electronics manufacturer Toshiba Europe is one of the longest and most mutually profitable relationships of all IS Solutions' long-standing client associations. Stretching back to the initial development of a personalised partner portal in 1996, we have since delivered scores of websites across dozens of territories and business units. We have also undertaken major infrastructure consolidation activities, extensive migration and upgrade projects and provided comprehensive analytics solutions

Such is the extent of our partnership that it is difficult to isolate specific examples of our technical achievements with Toshiba Europe but several stand out as being particularly significant during our twenty years of working together

- ❑ A hardware consolidation project that enabled reduced cost and increased consistency through the delivery of a fully hosted and supported amalgamated infrastructure. It featured disaster recovery and redundancy for a robust and secure environment, off-site data storage facilities for core technical functions and disaster recovery and extensive mirroring, load-balancing and back-up hardware to ensure minimal downtime
- ❑ Building on our initial channel partner portal development, we extended the application to embrace distributors operating in territories not represented by a dedicated country office. It included single sign-on authentication, personalisation of content for groups and individual users and distributed content management with workflow functionality
- ❑ An e-commerce platform to complement the partner channel by offering products direct that were not otherwise available via partners. This application enabled Toshiba Europe staff to enter and publish products for sale and receive orders automatically into the order processing system for fulfilment, it also automatically updated offer details and order statuses.
- ❑ A major migration project has been undertaken over the last three years to move Toshiba Europe's entire pan-European, multi-language web presence from a licenced content management platform to a more cost-effective open-source model

Strategic Report

Business Activities

The Group is principally engaged in the distribution, design, installation and support of computer hardware and software systems. It focuses on innovative Data Solutions for its clients to provide end-to-end management of the entire data lifecycle, from its initial creation through the manipulation, analysis and management of the data all the way through to its eventual retirement into industry-compliant archives.

The Group undertakes research and development into various technologies to ascertain the viability and usefulness for its client base and to explore new areas of potential business. This work is undertaken at the Group's cost and it has incurred research and development costs of £386k (2015: £266k) in the period under review of which £nil was capitalised (2015: £nil).

Strategy and Objectives

The Group positions itself as a strategic technology partner, helping its clients to develop and improve business with their clients. The Group seeks to give clients a competitive advantage by enabling them to access the best information in the most timely manner on which to base their business decisions. To this end the Group has four clear focus areas, namely Data Collection, Data Management, Data Analysis (Analytics) and Data Solutions (this latter being the combination of the Group's technology and expertise to develop innovative solutions in areas such as big data analytics, fraud and technology modernisation).

Analytics (providing business intelligence from data) remains a key growth area for the Group. The acquisition of Celebrus Technologies last year has substantially enhanced the Group's Analytics offering and has been at the forefront of the Group's transition to having a complete focus on data solutions.

The Group also continues to maintain its objective of developing business which delivers recurring revenues.

Principal Risks and Uncertainties

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

- ❑ Loss of a major client
- ❑ Loss of a relationship with a major supplier
- ❑ The development of new technologies which may adversely impact the Group's proprietary software
- ❑ Exchange Rate Fluctuations

In order to mitigate these risks:

- ❑ The Group has specific relationship management systems in place for both clients and suppliers.
- ❑ The Group undertakes research and development into various technologies on an ongoing basis.
- ❑ As the Group undertakes an increasing amount of business outside the UK (usually priced in US\$) it becomes more exposed to exchange rate fluctuations. This led to a review of pricing policies and closer monitoring of credit terms for external business in the early part of last year. This coupled with management actions (such as currency matching and forward contracts) has borne fruit. These actions together with favourable exchange rate movements have resulted in exchange rate gains totalling £94,509 in the accounting period to 31st March 2016 (2015: £48,926).

The Board manages the Group's capital, reserves, borrowings and cash to ensure that the Group continues as a profitable going concern. There are no externally imposed capital requirements.

Performance

The Group's major financial Key Performance Indicators ('KPI's) are revenue, operating profit, profit before tax and earnings per share. The Group does not monitor any non-financial KPIs.

Strategic Report (Continued)

In the period under review Group revenue increased by 44.94% to £18,609 million over the 2015 15 month period (£12,839 million). On the same basis Group profit (before tax, amortisation, share base payments and acquisition costs) rose by 187.0% to 3.5m (2015: £1.2 million). Reported profit before tax increased by 393.6% to £3,218,000 (2015: £652,000). Fully diluted Earnings Per Share was 7.64p (2015: 1.92p).

The Group has continued to experience strong revenue growth in its Analytics projects and, despite a reduction in revenue from Portals and Enterprise Content Management projects, the overall growth in revenue from projects was 73.54%. Revenue from projects contributed 49.75% of gross profit for the period.

Celebrus contributed £3.30 million to revenue in its first full year in the Group.

Recurring revenue grew by 4.26% over the previous 15 month period and overall contributed 27.72% of gross profit for the period. It should be noted however that a significant proportion of new contracts were signed throughout the year and the year-end monthly run rate for recurring revenue was £473,000 per month.

Outlook

We continue to make good progress across the business, our focus on Data Solutions, strengthened by our proposed re-branding and last year's acquisition of Celebrus Technologies, is generating a number of significant opportunities across new and existing customers in the key sectors of financial services, retail and airlines. The integration of the two businesses continues to open up a number of cross-selling opportunities for us. Celebrus, with its strong IP, strengthens our offering in the Analytics arena whilst, as we said before, giving us the opportunity to develop a much more balanced and focussed business with strong higher margin license sales linked with greater project and recurring revenue.

The market for business intelligence and analytics remains one of the fastest growing software markets. Financial services, retail and airlines are the largest investors in big data solutions, with energy, utilities, communications and media organisations presenting significant growth areas as they seek to optimise the monetisation of their base of customers and potential customers. The ability to individualise and personally target customers is becoming more important to businesses and the Celebrus product portfolio caters for this trend. It provides a unique element to the Group's overall focus on the provision of Data Solutions.

All of this bodes well for the future and the Board is confident that the Company can deliver another year of solid progress and will achieve current market expectations for the year ending 31 March 2017.

Approval

This report was approved by the Board of Directors on 24 June 2016 and signed on its behalf by



Peter Kear, Chief Executive Officer

Corporate Governance

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

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

A statement of the Directors' responsibilities in respect of the accounts is set out on page 27. Below is a brief description of the role of the Board and its committees, followed by a statement regarding the Group's system of internal controls and procedures, Board reviews, auditor independence, risk management, investor relations and financial reporting

The Board

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

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

Audit Committee

The Audit Committee comprises five non-executive Directors of the Company, Peter Simmonds, Michael Tinling, Peter English, Roger McDowell and John Lythall (effective 21 April 2016). The committee is chaired by Peter Simmonds and met twice during the year under review. It operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. The committee provides a forum for reporting by the Group's auditors. By invitation, the meetings are also attended by the CEO of the Company.

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

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

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

Corporate Governance (Continued)

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

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

Board Review

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

- (i) The Role of the committees is considered by the executive Directors without the presence of the non-executive Directors
- (ii) The Chairman and CEO examine the contribution and effectiveness of the individual Directors with regard to their line role and contribution at Board meetings
- (iii) The whole Board examines its purpose and effectiveness with regard to identified key areas
- (iv) The whole Board considers its structure, size and composition with particular regard to the skills, knowledge and experience of its members and otherwise as advised by the Nominations Committee

Auditor Independence

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

Risk Management

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

Investor Relations

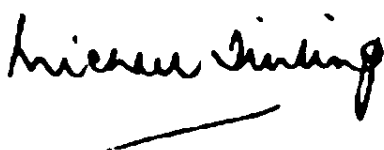
Investor relations are managed mainly through the Annual General Meeting of the Company and on an ad hoc basis through enquiry from investors of the Directors of the Company. The Company encourages two-way communications with both its institutional and private shareholders and responds quickly to all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

Financial Reporting

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

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

On behalf of the Board



Michael Tining LLb, Company Secretary
24 June 2016

Corporate Governance (Continued)

Remuneration Committee

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

The Board's report to shareholders on how Directors are remunerated together with details of the individual Directors' remuneration packages is to be found on pages 22-26.

Nominations Committee

In November 2015 the Board established a Nominations Committee with formal terms of reference, which are available on request from the Company Secretary or at the AGM. The initial members of the Committee are Peter Simmonds, Peter Kear and Roger McDowell. The Committee did not meet prior to the end of the year under review.

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

Internal controls

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

- i the safeguarding of assets against unauthorised use or disposition, and
- ii the maintenance of proper accounting records and the reliability of financial information used with the business or for publication

The Board has reviewed the effectiveness of the Group's internal control systems from the period 1 April 2015 to the date of approval of these financial statements. The Board reviews the effectiveness of its control assessment system on a regular basis. Given the current size of the Group, the Directors consider that an internal audit function would not be appropriate. However this matter is kept under review.

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

Control Environment and Procedure

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

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

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2016, which should be read in conjunction with the Strategic Report on pages 13 to 14. The Corporate Governance Statement set out on pages 15 to 17 forms part of this report.

Incorporation

IS Solutions Plc is a company incorporated in the United Kingdom under the Companies Acts 1985 to 2006.

Dividends

The Directors recommend a final dividend of 1.5p (2015: 0.56p) per ordinary share to be paid on 12 August 2016 to ordinary shareholders on the register on 14 July 2016.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital.

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

Details of employee share schemes are set out in note 24.

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

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 15.

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

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

Going Concern

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

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

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

Directors' Report (Continued)

Supplier Payment Policy

It is the Company's policy to pay all claims from suppliers according to agreed terms of payment upon receipt of a valid invoice which is materially correct. The Company does not follow a code on standard payment practice. At 31 March 2016 the Company had 67 days (2015: 82 days) of outstanding liabilities to creditors.

Directors and Directors' Interests

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

PJ Kear
 J Lythall
 MLS Tinning
 JL Dodkins
 PD English
 RS McDowell
 PA Simmonds (appointed 14 April 2015)
 CE Warren (appointed 24 November 2015)
 GS Shingles (retired 23 January 2016)
 BA Clark (retired 30 July 15)

MLS Tinning and PD English will be retiring as directors at the conclusion of the AGM and will not be offering themselves for re-election. In addition CE Warren, who was appointed as director by the Board of Directors on 24th November 2015, will offer herself for re-appointment in accordance with the Articles.

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

	Class of shares	Interest at end of year	Interest at beginning of year
PA Simmonds	Ordinary 2p	141,500	nil
JL Dodkins	Ordinary 2p	455,266	366,766
PD English	Ordinary 2p	722,234	722,234
PJ Kear	Ordinary 2p	1,340,752	1,340,752
J Lythall	Ordinary 2p	2,278,960	2,278,960
MLS Tinning	Ordinary 2p	368,516	468,516
RS McDowell	Ordinary 2p	2,350,000	2,850,000

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

Details of share options can be found on page 26.

During 2015 the directors made loans to the company to facilitate the acquisition of SpeedTrap Holdings Ltd. These were repaid in full to BA Clark (retired 30 July 2015), RS McDowell and PJ Kear.

Directors' Report (Continued)

The directors' loans outstanding at 31 March 2016 are as follows

BA Clark, £0 (2015 £29,723), PD English £37,827 (2015 £37,827), PJ Kear £0 (2015 £70,221), J Lythall £119,360 (2015 £119,360), RS McDowell £0 (2015 £200,000), ML Tinling £24,530 (2015 £24,530) The J Lythall loan is in the name of his spouse, Mrs P Lythall

The loans are earning interest at the rate of 3% above Base (and cannot be repaid without HSBC bank's permission)

Substantial Holdings

As far as the Directors are aware, as at 15 June 2016, the only holdings of 3% or more of the Company's issued share capital are the following

	Number of ordinary shares	%
HSBC Global Custody Nominees / UK / Limited	3,825,387	10.46
Securities Services Nominees Limited	2,560,000	7.00
Lynchwood Nominees Limited	2,509,379	6.86
Ferlim Nominees Limited (including 2,350,000 held by RS McDowell)	2,395,000	6.55
J Lythall Esq	2,278,960	6.23
BNY / OCS / Nominees Limited	1,450,400	3.96
HSBC Global Custody Nominees / UK / Limited	1,350,000	3.69
M Ward Esq	1,283,532	3.51
PJ Kear Esq	1,270,752	3.47

Acquisition of the company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions of 30 July 2015, to purchase through the market up to 3,532,592 of the Company's shares at a maximum price of 105% of the average middle market quotation for the five business days immediately preceding the date of purchase and a minimum price of 2p per share. This authority expires on the 30 July 2016. 275,918 shares were purchased in the year ending 31 March 2016.

Employees

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

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

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

Treasury Policy

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

Directors' Report (Continued)

Political and Charitable Contributions

The Group made no political contributions or charitable donations during the year (2015: £nil)

The Company holds Directors and Officers Liability insurance

Disclosure of Information to the Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

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

By order of the Board



PJ Kear, Director
Windmill House 91-93 Windmill Road,
Sunbury-on-Thames, TW16 7EF
24 June 2016

Directors' Remuneration Report

Introduction

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

Remuneration committee

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

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

In determining the executive Directors' remuneration for the year, the Committee consulted Mr John Lythall (Managing Director until 31 March 2016) about its proposals and will consult Mr Peter Kear (CEO from 1 April 2016) going forwards.

Remuneration policy

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

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

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

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

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

Directors' Remuneration Report (Continued)

Basic salary

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

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

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. In setting appropriate bonus parameters, the Committee takes cognisance of current economic factors and the performance of the Company versus its peers. The bonus scheme for 2016/2017 is set out below. Bonus payments totalling £689,000 were provided for in 2016 (2015: £Nil).

If the Company's profit before tax and amortisation of acquired intangible assets ('pre-tax profits') for the current financial year (2016/2017) show an increase of 15% over the pre-tax profits for 2015/2016, then the sum of £60,000 will be paid into a directors' bonus pool plus £3,000 for each additional percentage point of such increase achieved over 15% up to 25% and £4,500 for each percentage point of such increase achieved over 25%. Pre-tax profits for each financial year are calculated after deduction of bonus. The actual distribution of the pool between the directors and subsequent payment of these bonuses must be signed off by the Committee and is subject to amendment in the event of any material acquisitions or disposals occurring during the year. Also, for exceptional performance created by one off events the committee may award one off payments in recognition.

Share options

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

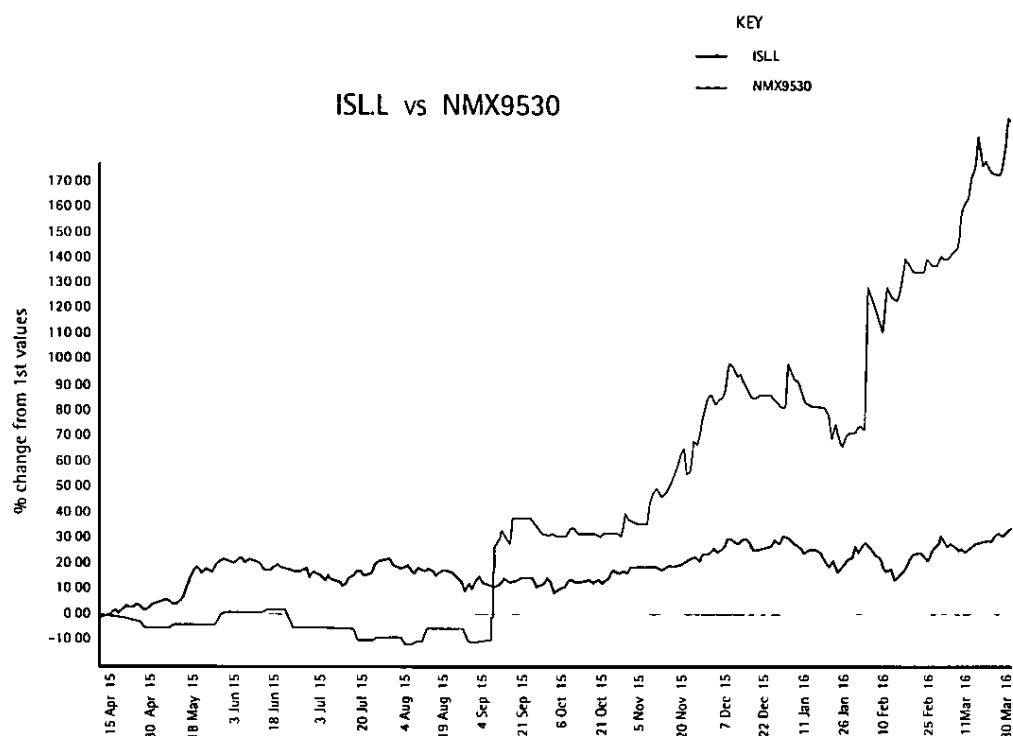
The Company does not operate any long-term incentive schemes other than the share option schemes described above. No significant amendments are proposed to be made to the terms and conditions of any entitlement of an executive Director to share options.

Pension arrangements

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

To the extent that contributions to the Company scheme are restricted by HMRC limits, the Company contributes 6% of the Director's salary providing the Director contributes a minimum of 4% of his salary by way of salary sacrifice. There are no unfunded pension promises or similar arrangements for Directors. There were 4 Directors in the scheme in 2016 (2015: 3).

Directors' Remuneration Report (Continued)



Performance graph

The above graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE Software and Computer services sector also measured by total shareholder return. The FTSE Software and Computer services sector has been selected for this comparison because it is the Board's opinion that it gives a true comparison to its peers.

Directors' contracts

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

Executive Directors

J Lythall (retired 31 March 2016), PJ Kear, JL Dodkins and have Directors' service agreements which can be terminated on twelve months' notice. These agreements were dated 29 August 1997. CE Warren also has a service agreement which can be terminated on 3 months' notice carried over from the acquisition of Speedtrap Holdings Ltd.

Non-executive Directors

PA Simmonds, MLS Tinling, R McDowell and PD English each have an agreement for 12 months which expires on 7 May 2016. The fees of the non-executive Directors are determined and confirmed by the full board excluding (in each case) the non-executive Director concerned.

Directors' Remuneration Report (Continued)

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

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows

	2016	2015 (15 months)
	£000	£000
Emoluments (Fees / basic salary, benefits and annual bonus)	1,233	539
Money purchase pension contributions	35	71
Total excluding gains on share options	1,268	610
Gains on exercise of share options	93	-
Total	1,361	610

Director emoluments (Audited)

The remuneration of the individual directors is as follows

	Fees/Basic salary	Pension Contributions	Benefits	Annual bonus	Total 2016	Total 2015 (15 months)
	£000	£000	£000	£000	£000	£000
Executives						
J Lythall	144	15	4	210	373	195
PJ Kear	147	9	2	210	368	171
JL Dodkins	110	7	15	216	348	159
CE Warren (appointed 24/11/2015)	29	4	1	53	87	-
Non-Executives						
PA Simmonds (appointed 14/04/2015)	29	-	-	-	29	-
BA Clark (retired 30/07/15)	5	-	-	-	5	28
PD English	15	-	-	-	15	18
MLS Tinling	15	-	-	-	15	19
RS McDowell	15	-	-	-	15	18
GS Shingles (retired 23/01/16)	13	-	-	-	13	2
Total	522	35	22	689	1,268	610

Pension costs represent contributions made by the Company to the Group money purchase pension scheme

Directors' Remuneration Report (Continued)

Directors share options

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

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

	Number at 31 3 15	Lapsed during year	Granted during year	Exercised during year	Number at 31 3 16	Option price	Exercisable from	Expiry date
JL Dodkins	30,000	-	-	30,000	-	12 0p	06 06 2008	06 06 2015
	70,000	-	-	70,000	-	22 25p	11 11 2010	11 11 2017
	-	-	400,000	-	400,000	51 0p	31 07 2018	31 07 2025
	35,000	-	-	-	35,000	18 5p	07 01 2013	07 01 2020
PJ Kear	35,000	-	-	-	35,000	18 5p	07 01 2013	07 01 2020
	-	-	400,000	-	400,000	51 0p	31 07 2018	31 07 2025
J Lythall	70,000	-	-	-	70,000	22 25p	11 11 2010	11 11 2017
	-	-	400,000	-	400,000	51 0p	31 07 2018	31 07 2025
CE Warren	-	-	64,637	-	64,637	27 85p	24 06 2015	05 11 2017
*	-	-	10,773	-	10,773	27 85p	24 06 2015	02 07 2018
*	-	-	17,955	-	17,955	27 85p	24 06 2015	31 12 2018
*	-	-	17,955	-	17,955	27 85p	24 06 2015	26 11 2019
*	-	-	17,955	-	17,955	27 85p	24 06 2015	01 06 2020
*	-	-	53,864	-	53,864	27 85p	24 06 2015	24 04 2024
	-	-	150,000	-	150,000	90 5p	22 01 2019	22 01 2026

*Post year end, 183,139 EMI options were granted to CE Warren which replaced the options held in Speed-Trap Holdings Ltd on its acquisition, on a pro rata basis

The market price of the shares at 31 March 2016 was 155 0p (57 0p at 31 March 2015) and the range in the period under review was 51 0p to 156 0p

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

Approval

This report was approved by the Board of directors on 24 June 2016 and signed on its behalf by



Peter Kear, Chief Executive Officer

Statement of Directors' responsibilities

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

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

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

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

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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether they have been prepared in accordance with IFRSs adopted by the EU,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the IS Solutions plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Peter Kear, Chief Executive Officer
24 June 2016

Independent Auditors' report to the members of IS Solutions plc

We have audited the group and parent company financial statements ("the financial statements") which comprise the consolidated statement of comprehensive income, consolidated and parent company balance sheets, consolidated and parent company statement of changes in equity, consolidated and parent company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 27 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

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

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2016 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

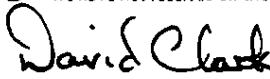
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' report to the members of IS Solutions plc (Continued)

Matters on which we are required to report by exception

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

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



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

24 JUNE 2016

Consolidated statement of comprehensive income for the year ended 31 March 2016

		Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
	Notes		
Continuing operations			
Revenue	4	18,609	12,839
Cost of sales		(9,395)	(8,170)
Gross profit		9,214	4,669
Distribution costs		(3,958)	(2,451)
Administration expenses		(1,985)	(1,557)
Other operating income	5	22	25
Profit from operations		3,293	686
Investment income	6	1	4
Finance costs	6	(76)	(38)
Profit before tax		3,218	652
Tax	10	(278)	(120)
Profit for the period		2,940	532
Other comprehensive income			
Gains on property revaluation		48	57
Total comprehensive income for the period attributable to equity holders of the parent		2,988	589
Earnings per share	13		
Basic		8.17 p	1.99 p
Diluted		7.64 p	1.92 p

Consolidated statement of changes in equity attributable to Equity Holders of the Parent for the year ended 31 March 2016

	Notes	Share capital	Share premium	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 January 2014		509	1,893	171	(2)		2,856	5,427
Total comprehensive income				57			532	589
Issue of share capital		199	4,677					4,876
Dividends paid							(285)	(285)
Purchase of own shares					(154)			(154)
Sale of own shares					76		(50)	26
Share-based payments							4	4
Deferred tax on outstanding share options						91		91
Contingent shares						1,289		1,289
Balance at 1 April 2015		708	6,570	228	(80)	1,380	3,057	11,863
Total comprehensive income				48			2,940	2,988
Issue of share capital	21	24	548					572
Dividends paid	12						(380)	(380)
Purchase of own shares	22				(291)			(291)
Sale of own shares	22				348		(297)	51
Share-based payments	24						38	38
Deferred tax on outstanding share options	11					206	155	361
Amortisation	15						49	49
Contingent shares	23					(646)	40	(606)
Balance at 31 March 2016		732	7,118	276	(23)	940	5,602	14,645

Consolidated balance sheet as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,754	2,014
Property, plant and equipment	16	2,615	2,414
Deferred tax assets	11	792	698
		13,857	13,822
Current assets			
Trade and other receivables	18	2,757	4,823
Cash and cash equivalents		5,007	95
		7,764	4,918
Total assets		21,621	18,740
Current liabilities			
Trade and other payables	19	(5,045)	(4,427)
Tax liabilities		-	(59)
Borrowings	20	(397)	(454)
		(5,442)	(4,940)
Non-current liabilities			
Borrowings	20	(1,183)	(1,537)
Deferred tax liabilities	11	(351)	(400)
		(1,534)	(1,937)
Total liabilities		(6,976)	(6,877)
Net assets		14,645	11,863
Equity			
Share capital	21	732	708
Share premium account		7,118	6,570
Revaluation reserve		276	228
Own shares		(23)	(80)
Equity reserve		940	1,380
Retained earnings		5,602	3,057
Attributable to equity holders of the parent		14,645	11,863

These financial statements of IS Solutions plc, registered number 01892751, were approved by the Board of Directors and authorised for issue on 24 June 2016 and were signed on its behalf by



P. Kear Director

Consolidated cash flow statement for the year ended 31 March 2016

	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Operating activities		
Profit for the year	2,940	532
Adjustments for		
Depreciation of property, plant and equipment	178	228
Amortisation of intangible assets	260	24
Finance Income	(1)	(4)
Finance Expense	76	38
Share-based payments	38	4
Income tax expense	278	120
Operating cash flows before movements in working capital	3,769	942
Decrease in receivables	2,032	(924)
Increase in payables	618	(87)
Cash absorbed in operations	6,419	(69)
Income taxes paid	(69)	(139)
Net cash used in operating activities	6,350	(208)
Investing activities		
Interest received	1	4
Interest paid	(76)	(38)
Purchase of property, plant and equipment	(332)	(171)
Acquisition of subsidiaries net of cash acquired	-	(1,369)
Net cash (used in)/from investing activities	(407)	(1,574)
Financing activities		
Issue of new share capital	-	(37)
Dividends paid	(380)	(285)
Contingent shares issued	-	-
New borrowings	-	2,000
Repayment of borrowings	(411)	(212)
Purchase of own shares (net)	(240)	(128)
Net cash (used in)/from financing activities	(1,031)	1,338
Net increase/(decrease) in cash and cash equivalents	4,912	(444)
Cash and cash equivalents at start of year	95	539
Cash and cash equivalents at end of year	5,007	95

Company statement of changes in equity attributable to Equity Holders of the Parent for the year ended 31 March 2016

	Notes	Share capital	Share premium	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 January 2014		509	1,893	171	(2)		2,664	5,235
Total comprehensive income				57			532	589
Issue of share capital		199	4,677					4,876
Dividends paid							(285)	(285)
Purchase of own shares					(154)			(154)
Sale of own shares					76		(50)	26
Share-based payments							4	4
Deferred tax on outstanding share options						91		91
Contingent shares						1,289		1,289
Balance at 1 April 2015		708	6,570	228	(80)	1,380	2,865	11,671
Total comprehensive income				48			3,122	3,170
Issue of share capital	21	24	548					572
Dividends paid	12						(380)	(380)
Purchase of own shares	22				(291)			(291)
Sale of own shares	22				348		(297)	51
Share-based payments	24						38	38
Deferred tax on outstanding share options	11					206	155	361
Amortisation	15						49	49
Contingent shares	23					(646)	40	(606)
Balance at 31 March 2016		732	7,118	276	(23)	940	5,592	14,635

Company balance sheet as at 31 March 2016

		Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
	Notes		
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	1,754	2,014
Property, plant and equipment	16	2,615	2,414
Investment in subsidiaries	17	273	273
Deferred tax assets	11	792	698
		14,130	14,095
Current assets			
Trade and other receivables	18	2,939	4,823
Cash and cash equivalents		5,007	95
		7,946	4,918
Total assets		22,076	19,013
Current liabilities			
Trade and other payables	19	(5,510)	(4,892)
Tax liabilities		-	(59)
Borrowings	20	(397)	(454)
		(5,907)	(5,405)
Non-current liabilities			
Borrowings	20	(1,183)	(1,537)
Deferred tax liabilities	11	(351)	(400)
		(1,534)	(1,937)
Total liabilities		(7,441)	(7,342)
Net assets		14,635	11,671
Equity			
Share capital	21	732	708
Share premium account		7,118	6,570
Revaluation reserve		276	228
Own shares		(23)	(80)
Equity reserve		940	1,380
Retained earnings		5,592	2,865
Attributable to the equity holders of the company		14,635	11,671

These financial statements of IS Solutions plc, registered number 01892751, were approved by the Board of Directors and authorised for issue on 24 June 2016 and were signed on its behalf by



P Kear Director

Company cash flow statement for the year ended 31 March 2016

	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Operating activities		
Profit for the year	3,122	532
Adjustments for		
Depreciation of property, plant and equipment	178	228
Amortisation of intangible assets	260	24
Finance Income	(1)	(4)
Finance Expense	76	38
Share-based payments	38	4
Income tax expense	278	120
Operating cash flows before movements in working capital	3,951	942
Decrease in receivables	1,850	(924)
Increase in payables	618	(87)
Cash absorbed in operations	6,419	(69)
Income taxes paid	(69)	(139)
Net cash used in operating activities	6,350	(208)
Investing activities		
Interest received	1	(171)
Interest paid	(76)	(1,369)
Purchase of property, plant and equipment	(332)	(171)
Acquisitions of subsidiaries net of cash acquired	-	(1,369)
Net cash (used in)/from investing activities	(407)	(3,081)
Financing activities		
Issue of new share capital	-	(37)
Dividends paid	(380)	(285)
Contingent shares issued	-	-
New borrowings	-	2,000
Repayment of borrowings	(411)	(212)
Purchase of own shares (net)	(240)	(128)
Net cash (used in)/from financing activities	(1,031)	1,338
Net increase/(decrease) in cash and cash equivalents	4,912	(444)
Cash and cash equivalents at start of year	95	539
Cash and cash equivalents at end of year	5,007	95

Notes to the financial statements

1 General information

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

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union. The presentation and functional currency of the financial statements is British Pounds and amounts are rounded to the nearest thousand pounds.

Going concern

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

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

Adoption of new and revised standards

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

IFRS 1	Amendments to IFRS 1: Severe hyperinflation
IAS 19	Employee benefits
IAS 1	Presentation of financial statements
IAS 16	Property, plant and equipment
IAS 32	Financial instruments (presentation)
IAS 34	Interim financial reporting
IFRS 7	Financial Instruments: Disclosures
IAS 12	Deferred Tax: Recovery of Underlying Assets
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 13	Fair value measurement
IAS 27	Separate financial statements
IAS 39	Financial Instruments (recognition and measurement)

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

IFRS 11	Joint Arrangements
IFRS 9	Financial Instruments
IFRS 15	Revenue from contracts with customers
IAS 28	Investments in associates and joint ventures
IAS 1	Presentation of Financial Statements
IAS 16	Property plant and equipment
IAS 38	Intangible assets – amendment

Notes to the financial statements (Continued)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The adoption of these Standards has had no material impact on the results for the year ended 31 March 2016.

Basis of consolidation

The group accounts consolidate the accounts of IS Solutions Plc and all its subsidiary undertakings. These accounts are made up to 31 March 2016.

In the company's accounts, investments in subsidiary undertakings are stated at cost less provisions for impairment.

All intra-group transactions and balances are eliminated on consolidation.

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

Property, plant and equipment

The carrying value of these assets is stated at cost or valuation, less accumulated depreciation and any impairment loss. Freehold land is not depreciated. The estimated lives of assets are reviewed annually by the Board and freehold land and buildings are professionally valued periodically. Lives and values are adjusted as necessary.

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

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

Acquisitions

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

Goodwill

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

Investments

The carrying value of non-current investments is stated at cost less any provision for impairment. This value is reviewed annually by the Board.

Other intangible assets

IPR

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

Trade name

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

Notes to the financial statements (Continued)

Research and development costs

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

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

Foreign currencies

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

Profit from operations

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

Operating leases

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

Share-based payments

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

Treasury shares

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

Pension costs

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

Taxation

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

Revenue recognition

Products

Products are defined either as any item that is bought from an outside supplier and sold on to our clients, or licensed software generated from in-house development.

Notes to the financial statements (Continued)

Product sales are invoiced at the time of delivery, and this ordinarily coincides with the point of revenue recognition. However an assessment is made to verify that this is the case.

The sale of a licence carrying no financial risk to the Group or future contractual obligation to the ultimate purchaser is treated on an agency basis and only the commission from the sale is included in revenue.

Services

Development services

Where the Group is contracted to design and implement internet services, revenues are taken on a time and materials basis with the client being invoiced monthly. Accordingly the Group does not normally carry any work in progress or accrued income in respect of these services.

Revenue is recognised in accordance with the amounts invoiced. By the nature of the Group's contracts, although these may cover periods of greater than one month, the time and materials basis on which they are negotiated, together with the monthly billing of amounts recoverable, means that revenue is recognised with reference to the stage of completion.

Where services are delivered over a period of time, revenue is recognised by reference to the stage of completion of those services.

Support and maintenance services supplied by the Group

The Group provides ongoing support and maintenance services to customers, ordinarily where we have also developed the sites, sold in-house software, or are hosting or monitoring client sites. Support contracts are normally 12 month contracts and revenue is spread evenly over this period. The provision of these services involves the performance of an indeterminate number of tasks over the period of the contract, as requested by the customer. The pattern of requests is even over time.

Vendor Software Maintenance

This is treated on an agency basis and only the commission from the sale is included in revenue. It is recognised at the point at which it is sold.

Financial Instruments

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

Derivative financial assets are initially recognised at fair value at the dates the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gains or losses are recognised in profit or loss immediately.

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

Trade investments comprise the Group's strategic investments in entities that do not qualify as subsidiaries, associates or jointly controlled entities. They are recognised at cost when acquired. Fluctuations in their fair value are dealt with through profit and loss, as are differences between carrying values and disposal receipts.

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

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

Equity instruments issued by the Company are recorded as the value of the proceeds received, net of direct issue costs.

Borrowings

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

Notes to the financial statements (Continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised as part of property, plant and equipment. Other borrowing costs are recognised as an expense in the period in which they arise.

Company accounts

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

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies described in note 1, the directors are required to make judgements about, and estimates of, the carrying values of assets and liabilities where, for reasons of uncertainty, these may differ from their book values. These judgements are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

Goodwill and other intangibles

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

Revenue recognition

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

Large Contracts

We have undertaken a significant contract, during the period to 31 March 2016, which included hardware sales, installation and services. Revenue recognition has been applied in line with IAS 18 and the accounting policies stated in note 2. In particular the hardware has been recognised as fully installed in the period, and hence the associated revenue has been fully recognised in the period.

Notes to the financial statements (Continued)

4 Revenue

	Group	
	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Analysis of revenue		
Continuing operations		
Sale of goods	2,974	1,927
Rendering of services	15,635	10,912
	18,609	12,839

5 Other operating income

	Group	
	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Analysis of other operating income		
Operating lease receipts (see note 25)	22	19
Director's fees received from Speed-Trap (Holdings) Ltd	-	6
	22	25

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

	Group	
	2016 £'000	2015 £'000
Analysis of investment income		
Bank interest received	1	4
Analysis of finance costs		
Mortgage interest paid	(12)	(19)
Loan interest	(40)	(14)
Directors Loan Interest	(24)	(5)
	(76)	(38)

Notes to the financial statements (Continued)

7 Business and geographical segments

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

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

- License sales
- Project work
- Recurring revenues.

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

Continuing operations 2016	Licence sales	Project work	Recurring revenues	Total
	£'000	£'000	£'000	£'000
External sales	2,974	10,666	5,443	19,083
Adjustment for agency basis	-	-	(474)	(474)
Reported revenue	2,974	10,666	4,969	18,609
Segment result (gross profit)	2,076	4,584	2,554	9,214
Other operating costs and income				(5,921)
Investing and financing activities				(75)
Profit before tax				3,218
Major customers (over 10% of revenue)				
Customer 1	-	8,660	1,500	10,160

Continuing operations 2015	Licence sales	Project work	Recurring revenues	Total
	£'000	£'000	£'000	£'000
External sales	1,927	6,146	6,048	14,121
Adjustment for agency basis	-	-	(1,282)	(1,282)
Reported revenue	1,927	6,146	4,766	12,839
Segment result (gross profit)	537	1,566	2,566	4,669
Other operating costs and income				(3,983)
Investing and financing activities				(33)
Profit before tax				652
Major customers (over 10% of revenue)				
Customer 1	249	4,313	544	5,106
Customer 2	238	689	1,437	2,364

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

Geographical segments

The Group operates entirely within the UK.

Notes to the financial statements (Continued)

8 Profit from operations

	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Profit from operations has been arrived at after charging/(crediting)		
Research and development costs	386	266
Net foreign exchange gain	(95)	(49)
Depreciation of property, plant & equipment	178	228
Loss on disposal of property, plant & equipment	-	-
Amortisation of intangible assets (see note 15)	260	24
Impairment of goodwill	-	-
Staff costs (see note 9)	7,547	6,119
Auditors' remuneration for audit services (Group and Company, the Company fee is not separately quantifiable)	51	37
Auditors' remuneration for tax compliance and advisory services	42	5
Cost incurred in acquiring subsidiary	-	539

9 Staff costs

	Group & Company	
	Year ended 31 March 2016 Number	15 months ended 31 March 2015 Number
The average number of employees (including directors) during the period was		
Production and support	81	65
Distribution	23	16
Administration	9	17
	113	98
Their aggregate remuneration comprised	£'000	£'000
Salaries	6,508	5,334
Social security costs	689	535
Pension costs	350	250
	7,547	6,119

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

Other related party transactions involving directors are disclosed in the directors' report on pages 19 and 20. Prior to the acquisition of Speed-Trap (Holdings) Limited in January 2015 the following transactions occurred: purchases from Speed-Trap (Holdings) Limited £19,000, fees and service invoiced to Speed-Trap (Holdings) Limited £38,000.

Notes to the financial statements (Continued)

10 Tax

	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Current UK tax	-	120
Foreign tax	-	-
Deferred tax	270	-
Under provision in prior years	8	-
Corporation tax	278	120

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

Profit before tax	3,218	652
UK corporation tax at 20% (2015 21 40%)	644	140
Research and development credit	(100)	(57)
Relief for exercising of share options	(85)	(10)
Difference between writing-down allowances and depreciation	(20)	(11)
Utilisation of tax losses	-	-
Amortisation of intangibles	52	5
Impairment of goodwill	-	-
Other non-deductible expenses	43	56
Effect of higher rates in other jurisdictions	-	-
Under provision in prior years	8	-
Other timing differences	(264)	(3)
Lower rate relief	-	-
Tax charge as above	278	120

Notes to the financial statements (Continued)

11 Deferred tax

Group	Timing difference £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Balance at 1 January 2014	7	-	-	-	-	7
Acquisition of subsidiary	-	-	-	600	-	600
Recognition of deferred tax asset/liability	-	91	-	-	(400)	(309)
Charge to income statement	-	-	-	-	-	-
Balance at 1 April 2015	7	91	-	600	(400)	298
Recognition of deferred tax asset/liability	-	206	155	264	49	674
Charge to income statement	33	-	-	(564)	-	(531)
Balance at 31 March 2016	40	297	155	300	(351)	441
Company						
Balance at 1 January 2014	7	-	-	-	-	7
Acquisition of subsidiary	-	-	-	600	-	600
Recognition of deferred tax asset/liability	-	91	-	-	(400)	(309)
Charge to income statement	-	-	-	-	-	-
Balance at 1 April 2015	7	91	-	600	(400)	298
Recognition of deferred tax asset/liability	-	206	155	264	49	674
Charge to income statement	33	-	-	(564)	-	(531)
Balance at 31 March 2016	40	297	155	300	(351)	441

At the 1st April 2015 the company has a deferred tax asset of approximately £1,150k. £564,000 of this has been charged to the income statement and £300,000 has been recognised above. The balance remains as an unrecognised deferred tax asset. Losses have been recognised to the extent that they are recoverable in the foreseeable future.

12. Dividends

	Year ended 31 March 2016 £'000	15 months ended 31 March 2015 £'000
Amounts recognised as distributions to equity holders		
Final dividend for the period ended 31 March 2015 of 0.56p (2013: 1.12p)	198	285
Interim dividend for the year ended 31 March 2016 of 0.50p (31 March 2015: nil)	182	-
	380	285
Proposed final dividend for the year ended 31 March 2016 of 1.5p	549	198

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

Notes to the financial statements (Continued)

13 Earnings per share

	2016	2015
Earnings, being the net profit attributable to equity holders of the parent (£'000)	2,940	532
	Number	Number
Weighted average of ordinary shares in issue	36,118,443	26,784,110
Weighted average of own shares	(125,237)	(111,542)
Weighted average for the purpose of basic earnings per share	35,993,206	26,672,568
Effect of dilutive share options	2,512,249	1,065,704
Weighted average for the purpose of diluted earnings per share	38,505,455	27,738,272

14 Goodwill

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cost of goodwill				
Balance at 1 April 2015	10,952	3,274	10,608	2,930
Recognised on hive-up of subsidiary	-	-	-	7,678
Additions	-	7,678	-	-
Balance at 31 March 2016	10,952	10,952	10,608	10,608
Accumulated impairment charges				
Balance at 1 April 2015	2,256	2,256	1,912	1,912
Impairment charge for the year	-	-	-	-
Balance at 31 March 2016	2,256	2,256	1,912	1,912
Carrying amount at year end	8,696	8,696	8,696	8,696
Allocation of goodwill				
AXL customers	100	100	100	100
Chapter26 customers	918	918	918	918
Speed-Trap customers	7,678	7,678	7,678	7,678
Balance at 31 March 2016	8,696	8,696	8,696	8,696

The carrying amount of goodwill represents the balance of the original cost of goodwill attached to the subsidiary companies on acquisition. The Group is required to test this value at least annually for impairment. The extant customers of the subsidiaries (all of whom are now customers of the parent company) continue to form identifiable cash generating units.

The recoverable amounts of the cash generating units are determined from the value in use calculations. The Group prepares profit forecasts derived from the most recent budgets and forecasts approved by the Board. A range of comparable discount rates from 9% to 21% has been used to discount the forecast profits over the next three years. The calculation of value in use is most sensitive to the discount rate and management assumption that majority of these revenues are recurring on an annual basis. Management believes that no reasonable potential change in any of the above key assumptions would cause the carrying value to exceed its recoverable amount.

Notes to the financial statements (Continued)

15 Other intangible assets

	Internally generated	IPR	Trade name	Total
Group & company	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2014	56	-	-	56
Acquisition of subsidiary	-	1,858	142	2,000
Balance at 1 April 2015	56	1,858	142	2,056
Additions	-	-	-	-
Balance at 31 March 2016	56	1,858	142	2,056
Accumulated amortisation				
Balance at 1 January 2014	18	-	-	18
Amortisation for the 15 month period	24	-	-	24
Balance at 1 April 2015	42	-	-	42
Amortisation for the year	14	232	14	260
Balance at 31 March 2016	56	232	14	302
Carrying amount				
Balance at 1 April 2015	14	1,858	142	2,014
Balance at 31 March 2016	-	1,626	128	1,754

The amortisation charge for the year is booked to cost of sales

Notes to the financial statements (Continued)

16 Property, plant & equipment

	Land & buildings	Fixtures & equipment	Motor vehicles	Total
Group and Company	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2014	2,200	588	53	2,841
Additions	-	152	19	171
Disposals	-	(224)	(17)	(241)
Balance at 1 April 2015	2,200	516	55	2,771
Additions	-	287	45	332
Acquisition of subsidiary	-	-	-	-
Disposals	-	-	-	-
Balance at 31 March 2016	2,200	803	100	3,103
Depreciation				
Balance at 1 January 2014	-	408	19	427
Charge for 15 months	57	154	17	228
Revaluation	(57)	-	-	(57)
Eliminated on disposals	-	(224)	(17)	(241)
Balance at 1 April 2015	-	338	19	357
Depreciation charge	47	108	23	178
Revaluation	(47)	-	-	(47)
Eliminated on disposals	-	-	-	-
Balance at 31 March 2016	-	446	42	488
Carrying amount				
Balance at 1 April 2015	2,200	178	36	2,414
Balance at 31 March 2016	2,200	357	58	2,615
Allocation of depreciation charge		2016	2015	
		£'000	£'000	
Cost of sales		53	81	
Distribution costs		71	65	
Administration expenses		54	82	
Charge for period		178	228	

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

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

Freehold land and buildings with carrying values as noted above have been pledged to secure borrowings of the Group (see the borrowings note 20).

Notes to the financial statements (Continued)

17 Investment in subsidiaries

	Company	
	2016	2015
	£'000	£'000
Cost of investment		
Balance at 1 April 2015	273	907
Additions	-	8,514
Realised on hive-up of assets	-	(8,514)
Disposals	-	(634)
Balance at 31 March 2016	273	273
Accumulated provision for impairment		
Balance at 1 April 2015	-	522
Disposals	-	(522)
Impairment charges for the year	-	-
Balance at 31 March 2016	-	-
Carrying amount at year / period end	273	273

	Country of Incorporation	Trading Status	Proportion of ownership interest
Celebrus Ltd	England & Wales	Dormant	100%
Celebrus Technologies inc*	USA	Trading	100%
Celebrus Technologies Ltd*	England & Wales	Dormant	100%
Chapter26 Ltd	England & Wales	Dormant	100%
D4t4 Solutions Inc	USA	Trading	100%
Internet Service Solutions Ltd	England & Wales	Dormant	100%
Internet Systems Solutions Ltd	England & Wales	Dormant	100%
Internet Site Solutions Ltd	England & Wales	Dormant	100%
Magiq Ltd*	England & Wales	Dormant	100%
Speed-Trap Holdings Ltd	England & Wales	Dormant	100%

*Owned by Speed-Trap holdings

During the year the company formed a new subsidiary D4t4 Solutions Inc for \$500 (50,000 shares issued at \$0.01 per share)

Notes to the financial statements (Continued)

18 Trade and other receivables (Group and Company)

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade receivables	2,070	4,055	2,070	4,055
Other taxes receivable	131	171	131	171
Amounts due from Group undertakings	-	0	182	0
Other debtors	80	5	80	5
Prepayments and accrued income	476	592	476	592
	2,757	4,823	2,939	4,823

	2016 £'000	2015 £'000
Trade receivables		
Ageing of past due but not impaired receivables		
Overdue 1 month	580	136
Overdue 2 months	187	49
Overdue 3 months and more	274	155
	1,041	340

The Board considers that the recoverable value of the trade receivables, after considering any credit risk, does not differ materially from their carrying value. In particular those amounts past due are assessed to be fully recoverable and are not considered to be impaired. The average credit period taken on sales of goods and services was 61 days (2015: 74 days).

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

19 Trade and other payables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	2,578	2,275	2,578	2,275
Loans from directors	185	482	185	482
Amounts owed to Group undertakings	-	-	465	465
Other creditors	49	-	49	-
Other taxes payable	198	324	198	324
Accruals and deferred income	2,035	1,346	2,035	1,346
	5,045	4,427	5,510	4,892

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 67 days (2015: 82 days). Their carrying value approximates to their fair value.

Notes to the financial statements (Continued)

20 Borrowings (Group and Company)

	2016	2015
	£'000	£'000
Bank loans and mortgage		
Balance at 1 April 2015	1,991	703
New borrowings during year	-	1,500
Repaid during period	(411)	(212)
Balance at 31 March 2016	1,580	1,991
Repayable within one year	397	454
Repayable within one to two years	413	468
Repayable within two to five years	770	1,069

The balance of £1,580k at the year end comprises of a loan of £1,169k and a mortgage of £411k

The fair value of the mortgage approximates its carrying amount. The Group's borrowing is subject to restrictive covenants, including disposal of assets and provision of certain financial information to the bank. Interest is payable at a variable rate 2.1% above base rate.

Security for the loan and mortgage comprises a first legal mortgage over the freehold property of IS Solutions plc known as Windmill House 91-93 Windmill Road Sunbury-on-Thames, a direct letter of set-off to be given by IS Solutions plc over its own accounts, a first fixed charge over all book and other debts and a first floating charge over all assets, goodwill, undertaking and uncalled capital both present and future.

21 Share capital

	2016		2015	
	Shares	£'000	Shares	£'000
Ordinary shares of 2p each				
Authorised	50,000,000	1,000	37,500,000	750
Issued and fully paid up				
Balance at 1 April 2015	35,421,578	708	25,436,791	509
Issued during year	1,161,442	24	9,984,787	199
Balance at 31 March 2016	36,583,020	732	35,421,578	708

The Company issued 1,161,442 (2015: 9,984,787) Ordinary shares during the period at a price of 49.2p (2015: 49.2p) increasing the share premium account by £548k (2015: £4,677k).

22 Own shares (shares held in treasury)

At the year end the company held 14,613 shares in Treasury, with fair value of £22,650.

23 Contingent shares and equity reserve

The accrual for future transfer of own shares includes £400,000 worth of shares contingent upon no warranty claims being made, plus £246,000 which represents the fair value of the current Speed Trap issued options per note 24 less the cash received to exercise those options. In addition the deferred tax asset on these options totals £297,000.

Notes to the financial statements (Continued)

24 Share-based payments

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

	Year ended 31 March 2016		15 months ended 31 March 2015	
	Weighted		Weighted	
	Number of share options	av exercise price	Number of share options	av exercise price
Balance at 1 April 2015	684,000	28 67 p	834,000	23 51 p
Granted during the year	2,130,851	65 55 p	-	-
Speed Trap issued during the year	1,355,579	27 85 p	-	-
Forfeited during the year	-	-	(37,500)	38 37 p
Exercised during the year	(482,313)	23 00 p	(112,500)	19 38 p
Balance at 31 March 2016	3,688,117	49 42 p	684,000	28 67 p
 Exercisable at year / period end	 1,557,266	 27 34 p	 575,000	 20 08 p

The weighted average share price at the exercise date of the exercised shares was £1.11 (2015: 54.9p). The weighted average contractual life of the outstanding options was 7 years (2015: 4 years), exercisable in the range 22.25p to 90.50p.

The Group recognised £38k of expense related to equity-settled share-based payments in the year (2015: £4k).

During the year ended 31st March 2016, 1,337,624 EMI options and 17,955 non EMI options were granted which replaced the options held in Speed-Trap Holdings Ltd by employees of that group on its acquisition, on a pro rata basis. The difference in valuation of these options at the acquisition price of 49.20p compared with the option price of 27.85p has been accounted for in the Equity reserve. These options are exercisable on date of grant.

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

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

	31-Jul-15	28-Aug-15	02-Nov-15	22-Jan-16
Number of options granted	1,200,000	28,850	300,000	602,001
Share price at date of grant	51.00p	52.00p	75.00p	90.50p
Exercise price	51.00p	52.00p	75.00p	90.50p
Option life in years	3	3	3	3
Risk-free rate	2.09%	2.09%	1.94%	1.67%
Expected volatility	26.60%	26.60%	30.00%	32.10%
Expected dividend yield	2.11%	2.11%	3.53%	3.30%
Fair value of options	9.15p	9.33p	12.58p	16.42p

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

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

Notes to the financial statements (Continued)

25 Operating lease arrangements (Group and Company)

As lessee

The future aggregate minimum lease payments due under non-cancellable operating leases are

Due in less than one year

2016	2015
£'000	£'000
-	7
-	7

Lease payments recognised as an expense during the year

29 34

Lease payments are for rental of premises in India

As lessor

The future aggregate minimum lease payments receivable under non-cancellable operating leases are

Due in less than one year

Due between two and five years

£'000	£'000
-	29
-	106
-	135

There are no outstanding non-cancellable leases (2015 nil)

Lease receipts recognised as income during the year

22 19

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

Notes to the financial statements (Continued)

26 Financial instruments

Capital risk management

The Group and Company's capital structure comprises issued share capital, reserves and borrowings as disclosed in notes 21 & 20, along with cash and cash equivalents. These are managed by the Board to ensure that the Group and Company continues as a profitable going concern. There are no externally imposed capital requirements.

Gearing ratio (at end of year)

	2016	2015
	£'000	£'000
Debt	1,580	1,991
Cash and cash equivalents	(5,007)	(95)
Net debt	(3,427)	1,896
Equity	14,645	11,863
Net debt to equity ratio	0.00%	15.98%

	2016	2015
	£'000	£'000
Categories of financial instruments		
Financial Assets at Amortised Cost		
Cash and bank balances	5,007	95
Loans and receivables	2,757	4,823
Financial Liabilities at Amortised Cost		
Trade and other payables	5,045	4,486
Borrowings	1,580	1,991

Foreign currency risk management

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

	Liabilities		Assets	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
US Dollars	2,027	1,305	3,291	2,330
Euros	76	85	85	71

Credit risk management

The Group uses credit reference agencies to determine and monitor the credit limits of new and existing customers. At the end of the year three customers owed a total of £1,242,000 (2015: two customers owed £2,698,000). No other customers owed more than 10% of the outstanding total. No provision for doubtful debts has been made (2015: nil).

Liquidity risk management

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

Notes to the financial statements (Continued)

Long-term borrowings are secured by way of a mortgage on the freehold property and their repayment schedule is shown in note 20

Financial facilities	2016	2015
	£'000	£'000
Secured bank overdraft facility (unused)	500	500

Fair value measurement

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

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

The freehold land & buildings are observable at level 3

Foreign exchange

During the year the company entered into a foreign exchange hedge to buy \$1,500,000 for £1,025,570.90 with an option end date of 6th July 2016. At the year end, this was revalued resulting in an unrealised foreign exchange loss of £16,350 which is included in the profit and loss account.

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