

Eagle Eye Solutions Limited

**Strategic and Directors' report and
financial statements**

Registered number 4745717

30 June 2017



Company information

Directors	Tim Mason Steve Rothwell Lucy Sharman-Munday
Secretary	Lucy Sharman-Munday
Company number	4745717
Registered office	5 New Street Square London EC4A 3TW
Bankers	Barclays Bank plc 27 Soho Square London W1D 3QR
Independent auditor	RSM UK Audit LLP Chartered Accountants Ninth Floor 3 Hardman Street Manchester M3 3HF

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Strategic report

Principal activities, business review and future developments

The principal activity of the Company is the marketing, validation and redemption of digital promotions in real-time for the grocery, retail and hospitality industries.

Business review and future developments

Financial	2017	2016
	£000	£000
Revenue	8,505	6,053
Loss before interest and tax	(3,011)	(3,856)
Cash and cash equivalents	333	463
Non-financial	2017	2016
Number of redemptions	60.4m	38.4m
Messaging volumes	44.4m	40.3m

The Board is delighted with the significant strategic and operational progress made during the Year. Revenues in the Year exceeded our expectations, increasing by 41%. This positive outcome has been driven by the successful execution of our strategy to win new customers, increase transactions from existing customers and deepen our customer relationships.

Our work with TCC Global ("TCC") supports our move into the previously unaddressed European market, providing even greater international reach. Since signing the partnership, we have implemented the core foundations for a solid working relationship and most importantly recruited an international team to work solely with TCC. The joint proposition is now being actively marketed 'TCC Digital Connect' and taken into TCC's European clients. Excitingly, we are engaged and in discussions with multiple retailers through the partnership and expect to accelerate win ratios across Europe. We expect to see this partnership develop throughout 2018 and beyond.

We are continuing to explore strategic alliances and partnerships that either allow us to expedite our win ratio or extend our reach in the value chain. This is particularly relevant for our mid-tier customers who increasingly want an end to end solution.

Outlook

2017 saw us exceed against management's original revenue expectations, put in the foundations for scale and execute against our growth strategy. In the Year, we experienced increased demand from all sectors, resulting in significant new customer wins, such as John Lewis. We have seen this momentum continue post Year-end, as demonstrated by the two-year contract renewal with Asda, announced in July 2017.

We are pleased to have signed Groupon in August 2017. This global partnership creates a frictionless and secure customer journey delivered digitally, allowing redemptions to be tracked in real time, improving both campaign and customer data. In addition, this provides additional value to Eagle Eye's merchants who have the opportunity to benefit from customer acquisition due to Groupon's huge audience.

Looking ahead, there is an expectation that the percentage of revenue from recurring subscriptions and transactions will continue to improve as our significant clients begin to transact through the platform at scale and the impact of new strategic partnerships that drive increased transactions.

This level of growth, momentum and capital gives the Board confidence early in the financial year on delivering against management's expectations.

Financial risk management objectives and policies

The Company's financial instruments at the year end comprised cash and various non-derivative financial investments such as trade debtors and trade creditors.

Strategic report (continued)

The Company uses financial instruments to manage financial and commercial risk whenever it is appropriate to do so. The directors do not consider there to be any significant risks arising from the Company's investment policies.

Currency risk

The vast majority of the Company's revenues and costs are in sterling and involve no currency risk. At the end of the financial year the Company has no material currency exposure.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables from customers and cash deposits with financial institutions. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit checks are performed on new and potential customers, receivable balances are monitored on an ongoing basis with the aim of minimising the Company's exposure to bad debt and in some cases the Company holds cash as security for some customers' debts. The Directors consider the above measures to be sufficient to control the credit risk exposure.

The Company gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

Liquidity risk

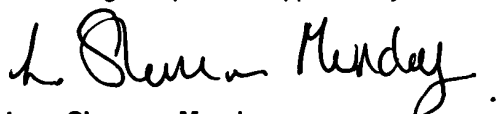
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation.

During the year the Company's ultimate parent undertaking, Eagle Eye Solutions Group plc, extended its three year revolving loan facility with Barclays to £3.0 million (2016: £1.5 million), secured on the assets of Group companies, including those of the Company. At the date of these financial statements this facility is not currently utilised.

The Directors manage liquidity risk by regularly reviewing the Company's cash requirements by reference to short-term cash flow forecasts and medium term working capital projections prepared by management.

Approval

The Strategic Report was approved by the Board on 18 September 2017 and signed on its behalf by:



Lucy Sharman-Munday
Director

Directors' report

The Directors present the directors' report for the year ended 30 June 2017.

The Strategic Report on pages 1 to 2 reports on the Company's performance during the financial year and its future prospects. The information that fulfils the requirement of the Business Review is contained within the Strategic Report and is incorporated into this report by reference.

Directors

The directors who served during the period are listed below. All directors served throughout the period unless otherwise indicated.

Tim Mason (appointed 9 September 2016)

Steve Rothwell

Lucy Sharman-Munday

Phill Blundell (resigned 17 January 2017)

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Research and development

Details of the Company's policy for the recognition of expenditure on research and development of its Eagle Eye Air platform are set out in note 1 of the financial statements.

Going concern

Although the Company has net current liabilities of £7.2 million, the Company's ultimate parent undertaking, Eagle Eye Solutions Group plc, has indicated via a letter of support that it will continue to provide further financial support as necessary and will not call for repayment of amounts owed to it by the Company for at least 12 months from the date of approval of these financial statements. On this basis, the directors feel it is appropriate to continue to prepare the financial statements on a going concern basis.

Strategic report

The Company has chosen in accordance with the Companies Act 2006, section 414C, to set out in the Company's strategic report on pages 1 to 2 information required to be contained in the directors' report by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7, where not already disclosed in the directors' report.

Statement as to disclosure of information to the auditor

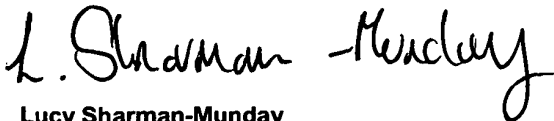
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Eagle Eye Solutions Limited
Financial Statements for the year ended 30 June 2017

Auditor

RSM UK Audit LLP were appointed for the year ended 30 June 2017 and have indicated their willingness to continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'L. Sharman-Munday', is written over the printed name.

Lucy Sharman-Munday
Company Secretary

5 New Street Square
London
EC4A 3TW

18 September 2017

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Eagle Eye Solutions Limited

Opinion on financial statements

We have audited the financial statements on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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



Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Square
Manchester
M3 3HF

18 September 2017

Eagle Eye Solutions Limited
Financial Statements for the year ended 30 June 2017

Statement of total comprehensive income
for the year ended 30 June 2017

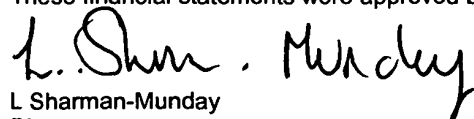
	Note	2017 £000	2016 £000
Continuing operations			
Revenue	3	8,505	6,053
Cost of sales		(1,261)	(1,369)
Gross profit		7,244	4,684
Administrative expenses		(11,601)	(8,540)
Other income		1,346	-
Loss on ordinary activities before taxation	4	(3,011)	(3,856)
Taxation	6	392	473
Loss and total comprehensive loss attributable to the owners of the Company for the financial year		(2,619)	(3,383)

Eagle Eye Solutions Limited
Financial Statements for the year ended 30 June 2017

Statement of financial position
as at 30 June 2017

	Note	2017 £000	2016 £000
Non-current assets			
Intangible assets	7	2,171	2,154
Property, plant and equipment	8	236	243
Investments	9	-	-
		2,407	2,397
Current assets			
Trade and other receivables	10	3,304	1,808
Cash and cash equivalents		333	463
		3,637	2,271
Total assets		6,044	4,668
Current liabilities			
Trade and other payables	11	(10,845)	(7,192)
Non-current liabilities			
Deferred tax liability	12	(174)	(220)
Total liabilities		(11,019)	(7,412)
Net liabilities		(4,975)	(2,744)
Equity attributable to owners of the parent			
Share capital	13	1	1
Share premium	13	3,303	3,303
Other reserve		1,171	1,141
Retained losses		(9,450)	(7,189)
Total equity		(4,975)	(2,744)

These financial statements were approved by the Board on 18 September 2017 and signed on its behalf by:


L Sharman-Munday
Director

Eagle Eye Solutions Limited
Financial Statements for the year ended 30 June 2017

Statement of changes in equity
for the year ended 30 June 2017

	Share capital £000	Share premium £000	Other reserve £000	Retained losses £000	Total £000
Balance at 1 July 2015	1	3,303	718	(3,816)	206
Loss for the financial year	-	-	-	(3,383)	(3,383)
Transactions with owners recognised in equity					
Fair value of share options exercised in the year	-	-	(10)	10	-
Share based payment charge	-	-	433	-	433
	-	-	423	10	433
Balance at 30 June 2016	1	3,303	1,141	(7,189)	(2,744)
Loss for the financial year	-	-	-	(2,619)	(2,619)
Transactions with owners recognised in equity					
Fair value of share options exercised in the year	-	-	(319)	319	-
Fair value of share options lapsed in the year	-	-	(39)	39	-
Share based payment charge	-	-	388	-	388
	-	-	30	358	388
Balance at 30 June 2017	1	3,303	1,171	(9,450)	(4,975)

Notes to the financial statements

1 Accounting policies

Basis of preparation

The Company has taken advantage of the exemption contained in section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as the Company is a wholly owned subsidiary of Eagle Eye Solutions Group plc for which consolidated financial statements are prepared. Consequently the financial statements present information about the undertaking as an individual entity and not about its group.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. These financial statements conform to FRS 102.

These financial statements have been prepared on a going concern basis. Although the Company has net current liabilities of £7.2 million, the Company's ultimate parent undertaking, Eagle Eye Solutions Group plc, has indicated via a letter of support that it will continue to provide further financial support as necessary and will not call for repayment of amounts owed to it by the Company for at least 12 months from the date of approval of these financial statements. On this basis, the directors feel it is appropriate to continue to prepare the financial statements on a going concern basis.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 2.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' – Sections 26.18(b), 26.18 and 26.23
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The presentational and functional currency of the Company is Sterling. Results in these financial statements have been prepared to the nearest £1,000.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of the Company's services, excluding VAT, and is recognised at the point that the services have been delivered. Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits can flow to the Company and when specific criteria have been met for each of the activities as described below:

Development and set up fees are recognised on a percentage of completion basis using estimates. A development project can take a number of months and where such a project spans a period end, the Company recognises accrued income on the Statement of Financial Position to reflect the service provided on a stage of completion basis.

Subscription fees are recognised on a monthly basis and are invoiced on a monthly, quarterly, bi-annual or annual basis. Where invoices are raised in advance, a portion is recognised in deferred income in the Statement of Financial Position.

Transactional fees are recognised based on transactional volumes as the transactions occur.

Accounting policies (continued)

Other income

Other income comprises royalty fees received from other group undertakings for use of the Company's proprietary technology, which are recognised based on the group undertakings' relevant sales, and recharges for services provided at an arm's length price, which are recognised as the services are performed.

Investments

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

Property, plant and equipment

Purchased property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, of 2 to 5 years on a straight-line basis.

Intangible assets

Internally-generated development intangible assets

An internally-generated development intangible asset arising from the Company's product development is recognised if, and only if, the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated development intangible assets are amortised as an administrative cost on a straight-line basis over their useful lives of 3 years.

Where no internally-generated intangible asset can be recognised, research and development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

The Company reviews the carrying amounts of its assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In the case of a cash-generating unit, any impairment loss is charged pro rata to the assets in the cash-generating unit.

Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

(a) Trade and other receivables

Trade and other receivables are recognised at their fair value. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of total comprehensive income when there is objective evidence that the assets are impaired.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held on call with banks.

Financial liabilities and equity

(c) Trade and other payables

Trade payables are recognised at their fair value.

(d) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the expected period of the lease.

Employee benefits

The Company operates a defined contribution auto-enrolment pension scheme for employees of the Company. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charged in the income statement are the contributions payable to the scheme in respect of the accounting period.

Current and deferred income tax

Current tax

The tax currently payable is based on taxable loss for the year. Taxable loss differs from the loss for the financial year as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

The Company's parent issues equity-settled share-based payments to certain employees as consideration for services. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on the Directors' best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Equity

Equity comprises the following:

- Share capital, representing the nominal value of shares of the Company;
- Share premium, representing the excess over the nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- Other reserve, representing capital contributions to the Company;
- Retained losses.

2 Critical accounting estimates and judgements

The preparation of these financial statements requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported amounts of revenue during the reporting periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are outlined below:

Impairment of internally-generated intangible assets

An impairment review of the Company's development costs is undertaken at least annually. This review involves the use of judgement to consider the future projected income streams that will result from the aforementioned costs. The expected future cash flows are modelled and discounted over the expected life of the assets in order to test for impairment. In the years represented in these financial statements no impairment charge was recognised as a result of these reviews.

Revenue recognition

Where the Company is providing material development services, development fees are recognised in line with percentage completion of work performed towards milestones. Percentage completion is determined based on completion of individual deliverables within the entire project or relevant milestone as appropriate on the basis of planned work associated with that deliverable. Milestones and the Directors' estimate of percentage completion may differ, which could impact operating results positively or negatively. At 30 June 2017, unbilled but contracted revenue of £148,000 (2016: £161,000) has been recognised for development fees, recognised on a percentage completion basis.

Share-based payment charge

The Company's parent issues share options to certain employees. The Black Scholes and Binomial models are used to calculate the appropriate charge for these options. The choice and use of these models to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

The total charge recognised in the year to 30 June 2017 is £388,000 (2016: £433,000).

Deferred tax asset recognition

The Directors' judgement is required to determine the amount of tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The carrying value of the unrecognised tax losses at 30 June 2017 was £20.5 million (2016: £17.7 million). Although the tax losses brought forward are not expected to expire, given the Company's history of recent losses and continued investment for growth, recovery of any element of this asset is expected to be at least two years from the date of these financial statements and therefore in the judgement of the Directors the tax losses carried forward do not meet the 'probable' definition criteria for an asset within IAS 12. The value of the deferred tax asset not recognised at 30 June 2017 was £3.9 million (2016: £3.5 million) Further information on the Company's deferred tax position can be found in Note 12.

3 Segmental analysis

The Company is organised into one principal operating division for management purposes. Therefore the Company has only one operating segment and segmental information is not required to be disclosed. Revenue is analysed as follows:

	2017 £000	2016 £000
Development and set up fees	1,872	1,024
Subscription and transaction fees	6,633	5,029
	8,505	6,053

Continuing revenues can be attributed to the following geographical locations, based on the customers' location, as follows:

	2017 £000	2016 £000
External		
United Kingdom	8,249	5,871
Rest of Europe	149	81
Asia	103	101
North America	4	-
	8,505	6,053

All non-current assets are held in the United Kingdom.

4 Operating loss

Operating loss is stated after charging to administrative costs:

	2017 £000	2016 £000
Depreciation of owned tangible assets	102	80
Amortisation of intangible assets	1,522	1,549
Employee costs (see note 5)	6,676	4,678
Operating lease rentals	196	215
Auditor's remuneration		
Audit of the Company	19	19
Non-audit services ⁽¹⁾	6	16
Research and development	542	358

⁽¹⁾ Other non-audit services includes tax services of £6,000 (2016: £16,000).

5 Particulars of staff

The average number of persons employed by the Company, including executive directors, during the year was:

	2017 No	2016 No
Product development	43	28
Operations	23	21
Sales and administration	28	24
	94	73

The aggregate payroll costs of these persons were:

	2017 £000	2016 £000
Wages and salaries	6,667	4,754
Share based payment charge	388	433
Social security costs	806	558
Pension costs- defined contribution plan	146	33
	8,007	5,778
Less: amounts capitalised as intellectual property	(1,331)	(1,100)
	6,676	4,678

Directors' remuneration

Remuneration of directors during the year was as follows:

	2017 £000	2016 £000
Aggregate emoluments including short-term employee benefits	901	610
Pension costs- defined contribution plan	13	5
	914	615

The remuneration of the highest paid director during the year was:

	2017 £000	2016 £000
Aggregate emoluments including short-term employee benefits	264	239

Retirement benefits are accruing to two (2016: one) directors.

6 Taxation

	2017	2016
	£000	£000
Current tax		
UK Corporation tax at 19.75% (2016: 20.00%)	-	-
Adjustments in respect of prior years	(346)	(403)
	(346)	(403)
Deferred tax		
In respect of current year	(589)	(638)
In respect of prior years	543	568
	(46)	(70)
Tax on loss on ordinary activities	(392)	(473)
Tax reconciliation		
Loss before tax	(3,011)	(3,856)
Tax using UK corporation tax rate of 19.75% (2016: 20.00%)	(595)	(771)
Non-deductible expenses	4	4
Temporary timing differences	12	184
Unrelieved tax losses	543	527
Effect of changes in tax rates	(10)	(14)
Adjustment to current tax in respect of prior years ⁽¹⁾	(346)	(403)
Tax on loss on ordinary activities	(392)	(473)

⁽¹⁾ The adjustment to current tax in respect of prior years relates to the finalisation and submission of Research and Development tax credit claims to HMRC.

7 Intangible assets

	Total £000
Cost	
At 1 July 2015	4,194
Additions	1,197
At 30 June 2016	5,391
Additions	1,539
At 30 June 2017	6,930
Amortisation	
At 1 July 2015	1,688
Charge for the year	1,549
At 30 June 2016	3,237
Charge for the year	1,522
At 30 June 2017	4,759
Net book value	
At 30 June 2017	2,171
At 30 June 2016	2,154
At 1 July 2015	2,506

The Company's intellectual property relates to its internally developed AIR platform and the acquired intellectual property of Eagle Eye Solutions (North) Limited which consisted of a then stand-alone messaging platform and an app and customer interface loyalty solution, both of which have now been integrated within the AIR platform.

8 Property, plant and equipment

	£000
Cost	
At 1 July 2015	145
Additions	270
At 30 June 2016	415
Additions	95
At 30 June 2017	510
Depreciation	
At 1 July 2015	92
Charge for the year	80
At 30 June 2016	172
Charge for the year	102
At 30 June 2017	274
Net book value	
At 30 June 2017	236
At 30 June 2016	243
At 1 July 2015	53

9 Investments

	£000
At 30 June 2017, 2016 and 2015	-
Name	Country of incorporation
Eagle Eye Solutions (Asia Pacific) Pty Ltd	Australia
Class of holding	Proportion held
Ordinary	51%
Nature of business	Digital loyalty services

10 Trade and other receivables

	2017 £000	2016 £000
Trade receivables	1,929	870
Less: Provision for impairment of trade receivables	(18)	(26)
	1,911	844
Prepayments and accrued income	746	914
Amounts due from group undertakings	622	-
Other receivables	25	50
	3,304	1,808

Trade and other receivables (continued)

The ageing of trade receivables that were not impaired was:

	2017	2016
	£000	£000
Not past due	1,259	711
Up to 3 months past due	644	114
More than 3 months past due	4	14
	1,907	839

Accrued income and other receivables are not past due (2016: not past due).

The Company trades only with recognised, credit-worthy third parties. Receivable balances are monitored on an ongoing basis with the aim of minimising the Company's exposure to bad debts. The Company has reviewed in detail all items comprising the above not past due and overdue but not impaired trade receivables to ensure that no impairment exists. As at 30 June 2017, trade receivables of £22,000 (2016: £31,000) were impaired and provided for, all of which were more than 2 months old. The amount of the provision was £18,000 as at 30 June 2017 (2016: £26,000). Movements on the provision for impairment of trade receivables are as follows:

	2017	2016
	£000	£000
At 1 July	26	40
Provision for impairment of receivables (released)/charged	(4)	12
Receivables written off during the year	(4)	(26)
At 30 June	18	26

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

All trade and other receivables are denominated in Sterling.

11 Trade and other payables

	2017	2016
	£000	£000
Current		
Trade payables	535	664
Other payables	359	351
Accruals and deferred income	1,858	1,227
Amounts owed to group undertakings	8,093	4,950
	10,845	7,192

12 Deferred tax liability

The elements of deferred taxation are as follows:

	2017	2016
	£000	£000
Accelerated capital allowances and intellectual property	174	220

Movement in deferred tax:

	Accelerated capital allowances and intellectual property £000
At 1 July 2015	290
Credited to income statement	(70)
At 30 June 2016	220
Credited to income statement	(46)
At 30 June 2017	174

No deferred tax asset is recognised for unused tax losses of £20.5 million (2016: £17.7 million) due to uncertainty over the timing of their recovery.

13 Share capital

The authorised share capital of the Company is 852,599 ordinary shares of 0.1p each.

	Number of shares issued and fully paid	Share capital £000	Share premium £000
At 1 July 2015, 30 June 2016 and 30 June 2017	852,599	1	3,303

14 Operating lease commitments

At 30 June 2017, the Company had aggregate minimum lease payments under non-cancellable operating leases for office and other sites as follows:

	2017	2016
	£000	£000
Due within 1 year	223	223
Due within 2-5 years	344	557
	567	780

The Company's Guildford office lease agreement can be cancelled after 5 years of its initial 10 year term, which commenced in July 2015. The lease for the Company's Manchester office can be cancelled after 5 years of its initial 10 year term, which commenced in December 2013.

15 Related party transactions

During the year the Company acquired sub-contractor technical development services to the value of £119,000 (2016: £77,000) from Eagle Eye Technology Limited, a company in which Stephen Rothwell, a director of the Company, holds an interest. At 30 June 2017, £14,000 (2016: £28,000) was outstanding in respect of these services.

During the year the Company acquired marketing services to the value of £20,000 (2016: £nil) from Digital Natives Content Limited, a company in which Tim Mason, a director of the Company, holds an interest. At 30 June 2017, £12,000 (2016: £nil) was outstanding in respect of these services.

During the year the Company provided services to the value of £15,000 (2016: £nil) to Purple Wifi Limited, a subsidiary of So Purple Group Limited, a company in which Tim Mason, a director of the Company, holds an interest. At 30 June 2017, £nil (2016: £nil) was outstanding in respect of these services.

There have been no transactions with Eagle Eye Solutions (Asia Pacific) Pty Limited during the year or the prior year.

16 Ultimate controlling party

The immediate and ultimate parent company is Eagle Eye Solutions Group plc, a company incorporated in England and Wales. Copies of the group financial statements, which contain information on the ultimate controlling party of the Company, can be obtained from Companies House.