

ADVFN PLC

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017**

Registered Number: 02374988 (England and Wales)

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DIRECTORS, OFFICERS AND ADVISERS

Directors

Michael Hodges (Chairman)

Clem Chambers (Chief Executive Officer)

Jonathan Mullins (Technical Director and Chief Financial Officer)

Matt Collom (Sales Director)

Brian Basham (Non-executive Director)

Secretary

Michael Hodges

Registered Office

Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA

Independent Auditor

Grant Thornton UK LLP, St John's House, Haslett Avenue West, Crawley, RH10 1HS

Nominated Adviser

Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

Broker

Throgmorton Street Capital Limited, 26 Throgmorton Street, London EC2N 2AN

Registrars

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

Company number: 02374988

CHIEF EXECUTIVE'S STATEMENT

As covered in previous statements, the 2016 financial year had been a transformational year with a change in the long term strategy of the Company from international growth to consolidation of the existing business. We had also reported that cash burn and losses were almost unavoidable with the sort of investment programs the Company had undertaken in the past. The ADVFN board believed that the UK stock market did not favour a strategy of further investment so the Company had changed direction during the course of the last financial year in order to avoid needing to raise further funding and to instead produce profits and cash flow.

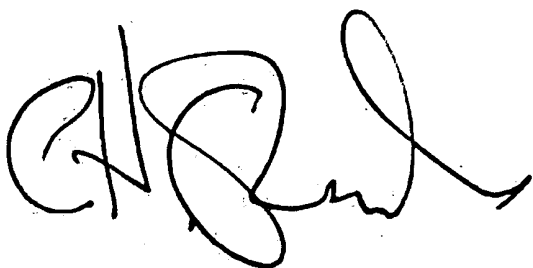
As a result of a focus on profits rather than growth, we have pulled back from investment and have continued to strive for profitability. Whilst this has crimped our ability to grow, we have made good progress on the bottom line.

We remain however in a complex and difficult marketplace which constantly brings new challenges whether we look for them or not. This business environment continues to change rapidly and we have kept a pace with it from the agility of the ADVFN team.

The operating loss of the past (£650,000 in 2016) has now become a profit of £47,000, a solid improvement. Sales are at a similar level to 2016 at £8,186,000 (£8,303,000 in 2016) and this is a strong result in the circumstances.

Advertising and subscription sales have waxed and waned and we have been able to make up for developing weaknesses with new products, price rises and other innovations.

While our performance has been satisfactory, looking ahead, the strengthening of the Sterling, which has occurred since the year end could potentially be a significant drag on us if the US dollar does not appreciate alongside the Sterling, which currently it is not.

A handwritten signature in black ink, appearing to read 'C. Chambers', with a large, stylized loop at the end.

Clement Chambers
CEO
23 October 2017

STRATEGIC REPORT**Financial Overview**

These consolidated and company accounts have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union.

As ever we are in a continued environment of rising costs in data licenses and exchange fees. We will continue to monitor these and adapt as required.

Business Review

As I said in last year's statement ADVFN has undergone a restructuring process which, whilst not requiring additional investment, was not an easy one but the change in our numbers is shown in these results. The markets have risen over the past year to record levels and some people have done well. However, this rise seems to have gone almost unnoticed by the mainstream media. Other areas are now what is entertaining the one time would be trader. Brexit has collected all the headlines as has the election of President Trump, both of which have caused an interesting ride for our market. Our focus on the technology is important as we look forward to the forthcoming year with great excitement.

Operating Costs

Our main costs are relatively fixed but licence and exchange fees are continuing to rise and it is these we must keep a close eye on and if need be change what we offer.

Research and Development ("R&D")

Like most technology / media companies we are highly focused on new developments including improvements to our website, products, tools etc. Our research and development is key to our future. The web and mobile environment continue to move and change and it's our R&D that allows us to keep ahead. Our R & D investment this year has been £379,000 (2016: £399,000) and ensures our web experience remains fresh and relevant.

Environmental policy

The Group as a whole continues to look for ways to develop its environmental policy. It remains our objective to improve our performance in this area.

Future outlook for the business

It is important for us to keep focused on the technology and continue to strive to be ahead of this new market changing process. If we can do so, it will open up many new opportunities that I hope we can develop and into which we can push the business.

Summary of key performance indicators

Our key indicators have not changed, as they are an important part of the business.

The Directors monitor the Key Performance Indicators on an ongoing basis. The chart below shows the level of performance achieved in the financial year. The individual items are as follows:

	2017 Actual	2017 Target	2016 Actual	2016 Target
Turnover	£8.2M	£8.0M	£8.3M	£8.0M
Average head count	32	35	37	37
ADVFN registered users	4.0M	3.8M	3.5M	3.3M

Turnover – is of vital importance as it gives the sales department a goal and measures the financial success of the Group's services.

Head count - is a very significant part of the costs of the company and is fixed as an overhead. It provides a good indicator when taken against the revenue figure for the efficiency of the business. Talented people are a vital part of the business.

Registered users - give us an accurate indication of our audience pool and the potential available for marketing our service.

It is clear that our small reduction in headcount has been accompanied by a rise in both registered users and turnover. Our conclusion is that we are becoming more productive and by reducing our single largest cost, potentially more profitable. This is a fine line to tread and we will not compromise on the quality of our staff. For the future, any new products could have a ready market in our increasing number of users.

STRATEGIC REPORT (continued)

Summary of key performance indicators (continued)

Principal risks and uncertainties

Economic downturn

The global economic recovery is a very slow process and as it does we hope we ride with it.

However, as I mentioned above we face many new potential issues. We have no control over the outcome and impact of the Brexit negotiations. This, mixed with the new technologies which are on their way, could make for an interesting ride.

High proportion of fixed overheads coupled with variable revenues

A reasonable proportion of the Company's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs. Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented on a constant review basis.

Product obsolescence

Our technology that we use is always in development and constantly changing. All our technology and products are subject to technological change and could become obsolete fast.

We must keep innovating to keep up with growing technical challenges that are changing all the time.

The Directors are committed to the Research and Development strategy in place, and are confident that the Company is able to react effectively to the developments within the market.

Fluctuations in currency exchange rates

A major proportion of our turnover relates to overseas operations. As a company, we are therefore exposed to foreign currency fluctuations. The Company manages its foreign exchange exposure on a net basis and, if required, uses forward foreign exchange contracts and other derivatives/financial instruments to reduce the exposure. Currently hedging is not employed and no forward contracts are in place. If currency volatility was extreme and hedging activity did not mitigate the exposure, then the results and the financial condition of the Company might be adversely impacted by foreign currency fluctuations.


Following the volatility post Brexit, management will continue to monitor the impact of currency fluctuation. The exchange rate of the US Dollar has been a recent focus.

Consideration of the principal risks associated with financial instruments is contained in note 23.

People

Once again, I would like to thank the whole team at ADVFN who tirelessly provide a global service for private investors that never sleep.

ON BEHALF OF THE BOARD



Clement Chambers
CEO
23 October 2017

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the group is the development and provision of financial information primarily via the internet, research services and the development and exploitation of ancillary internet sites.

DISPOSAL OF INVESTOR EVENTS

On 19 May 2016 an agreement was reached to dispose of the subsidiary Investor Events Limited. This disposal was completed on 30 September 2016.

RESULTS

The profit for the financial year amounted to £244,000 (2016: loss of £478,000). The Directors do not propose the payment of a dividend (2016: £nil).

DIRECTORS

The Directors set out below held office throughout the year except where stated:

M J Hodges
C H Chambers
J B Mullins
M Collom
B Basham

Michael Hodges and Jon Mullins retire by rotation and, being eligible, offer themselves for re-election. The Directors' interests in the shares of the company are shown in the Remuneration Report.

REPORT OF THE DIRECTORS (continued)

Biographic details

Michael Hodges, aged 54, Chairman

Co-founder of ADVFN plc, Michael Hodges has over 25 years experience in computer software development and publishing, while working with multi-user and Internet projects for many years. He Co-founded On-line plc, ADVFN plc and All IPO Plc. He is currently Chairman of On-line plc, ADVFN plc and a Director of All IPO Plc. At ADVFN, Michael has responsibility for exchange liaison, all legal and contractual issues and general business development.

Clement Chambers aged 53, Chief Executive Officer

Co-founder of ADVFN plc, All IPO Plc and On-line plc, Clem Chambers has been involved in the software industry for over 25 years as a pioneer of computer games, multiplayer games, multimedia and the internet. He is also a Director of On-line plc and All IPO Plc. He has written investment columns for Wired Magazine, Forbes, The Business, The Scotsman and broadcasts on investment matters for SKY News, CNBC and the BBC. Chambers takes an active role in all aspects of ADVFN, from product and staff development to revenue generation and the day-to-day running of the site. He has been a Non-executive Director of Avarae Global Coins PLC since November 2010.

Jonathan Mullins, aged 47, Technical Director and Chief Financial Officer

Jonathan Mullins has been involved in the development of a wide variety of on-line and internet services for over 15 years. He is responsible for the entire technical department of ADVFN and has overseen the growth of the website since its early days, including the development of the proprietary streaming service. He continues to direct all technical implementations for the site.

Matthew Collom, aged 40, Sales Director

Matthew Collom joined ADVFN in 2001 and has 14 years' experience within the online advertising industry. He became the Sales Director of the company in May 2014.

Brian Basham, aged 74, Non-executive Director

Executive Chairman of Equity Development and ArchOver Limited, Brian Basham brings a wealth of industry knowledge and experience to the ADVFN board, having founded a number of successful businesses since 1976, including Broad Street Associates (subsequently sold to BDDP in 1986) and Primrose Care (sold to BUPA in 1998). Basham has had a long, varied and illustrious career in the Square Mile. Basham began life as a financial journalist, working for the Daily Mail, The Times and The Telegraph.

REPORT OF THE DIRECTORS (continued)**SUBSTANTIAL SHAREHOLDERS**

At 20 October 2017 the Directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital:

	Shareholding	%
On-Line Plc	4,605,940	17.98%
Peter O'Reilly	2,136,893	8.34%
Michael Tamil	1,722,232	6.72%
River and Mercantile Asset Management	1,322,113	5.16%
Fidelity	1,110,545	4.33%

RESEARCH AND DEVELOPMENT

Research and development is carried on constantly to improve and expand the on-line experience available to subscribers to the various ADVFN services. We are highly focused on new developments including improvements to our website and researching and developing other methods of accessing our offering. Expenditure during the year amounted to £379,000 (2016: £399,000) all of which is development expenditure and has been capitalised.

GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes the Group will continue in existence for the foreseeable future. The Group has moved from loss to profit in line with the planned changes to strategy and the Directors continue to look for opportunities to reduce the ongoing cost base of the business without risking its continued development. The Directors have also prepared a detailed forecast of future trading and cash flows for the foreseeable future. At 30 June 2017 the Group's cash balances amounted to £963,000 and forecasts indicate that this balance will be improved during the next twelve to eighteen months. Accordingly, the Directors have prepared these financial statements on the going concern basis.

FINANCIAL RISK MANAGEMENT

Information relating to the Group's financial risk management is detailed in note 23 to the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Payments due from the shareholders of Equity Holdings and its subsidiary Equity Developments as consideration for the purchase of the companies has not been received. Amounts outstanding at the reporting date comprise £200,000 in cash and the repayment of an outstanding loan note of £1,000,000 was due on 31 July 2017. Neither the loan note nor the cash instalments have been received and therefore, ADVFN Plc has the right to acquire 99.5% of the shares of Equity Holdings Limited. The Directors have decided not to enforce said right as the business of Equity Holdings remains outside of the longer term strategy of the group. As a result the Directors have commenced proceedings to alter the arrangements so as to potentially give ADVFN Plc a right to equity in Equity Holdings should it grow in market value.

Apart from that there are no events of significance occurring after the balance sheet date to report.

STRATEGIC REPORT

Information in respect of the Business Review and Principal Risks and Uncertainties are not shown in the Report of the Directors because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. The Company is not required to produce a remuneration report.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the company financial statements in accordance with IFRSs. 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 and group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITOR

In accordance with section 489(4) of the Companies Act 2006, a resolution proposing the reappointment of Grant Thornton UK LLP will be put to the members at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



Michael Hodges
Chairman
23 October 2017

REMUNERATION REPORT

Directors' emoluments

	Salary & fees £'000	Benefits in kind £'000	Annual bonus £'000	2017 Total £'000	2017 Pension £'000	2016 Total £'000	2016 Pension £'000
Executive Directors							
M J Hodges	309	4	8	321	36	237	36
C H Chambers	343	2	49	394	33	285	30
J B Mullins	258	1	5	264	-	199	-
M Collom	245	-	5	250	-	164	-
Non-executive Directors							
B Basham	-	-	-	-	-	-	-
	1,155	7	67	1,229	69	885	66

Remuneration policy for Executive Directors

The Company's policy on Executive Director's remuneration is to:

- attract and retain high quality executives by paying competitive remuneration packages relevant to each Director's role, experience and the external market. The packages include employment related benefits including contributions to private pension plans;
- incentivise Directors to maximise shareholder value through share options which are granted at an exercise price at the market price at date of grant.

Service contracts

The Executive Directors have contracts with a thirty-six month notice period.

Except for the disposal of Equity Holdings and its subsidiary Equity Developments to Mr Brian Basham who is a non-executive director of ADVFN, no Director had, either during or at the end of the year, a material interest in any contract which was significant in relation to the Company's business.

Directors' interests in shares

The interests of the Directors and their families in the shares of the company at 1 July 2016 and 30 June 2017 were as follows:

	30 June 2017 No of Shares	1 July 2016 No of Shares	30 June 2017 No of options	1 July 2016 No of options
M J Hodges	26,000	18,000	651,473	651,473
C H Chambers	518,198	418,198	811,473	811,473
J B Mullins	18,578	18,578	400,000	400,000
M Collom	-	-	200,000	200,000

The remaining Director, Mr Basham, has no interests in the Company's shares.

REMUNERATION REPORT (continued)

The details of the options held by each Director at 30 June 2017 are as follows:

Grant date	Exercise date	Lapse date	M J Hodges	C H Chambers	J B Mullins	M Collom	Total
10.06.02	10.06.11	10.06.18	40,000	160,000	20,000	-	220,000
18.02.03	10.06.11	10.06.18	40,000	40,000	40,000	-	120,000
27.01.04	31.12.13	31.12.22	40,000	60,000	40,000	-	140,000
27.01.05	31.12.13	31.12.22	40,000	60,000	40,000	-	140,000
06.09.06	31.12.13	31.12.22	60,000	60,000	60,000	-	180,000
21.10.09	31.12.13	31.12.22	31,473	31,473	-	-	62,946
12.12.14	12.12.15	12.12.24	400,000	400,000	200,000	200,000	1,200,000
			651,473	811,473	400,000	200,000	2,062,946

The remaining Director, Mr Basham, has no options on the Company's shares.

No share options were granted, exercised or lapsed during the year.

Independent auditor's report to the members of ADVFN plc
Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of ADVFN Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

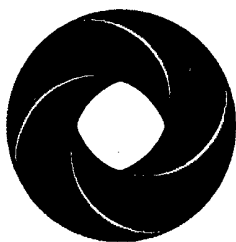
Who we are reporting to

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.

Conclusions relating to going concern

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

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



Overview of our audit approach

- Overall group materiality: £168,000
- Key audit matters were identified as revenue recognition and its occurrence, and management override of controls
- We performed full scope audit procedures at the group's operating location in the United Kingdom and targeted procedures over the Group's subsidiary in the United States of America

Key audit matters

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

Key Audit Matter – Group

Revenue recognition and its occurrence

The Group's revenues are a significant measure of its financial performance during the financial year.

The Group derives the majority of its revenue from the provision of financial information through websites. This generates subscription income, which is recognised over the life of the subscription, as well as advertising revenue which is recognised over the period in which advertising space is booked. Other revenues are derived from the provision of both broking and research services and which are recognised as the service is provided.

Due to the volume of transactions that occur during the year and the significance of revenue as a measure of the Group's performance during the year, we identified revenue recognition and its occurrence as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group

Our audit work included, but was not restricted to:

- considering the appropriateness of the Group's revenue recognition policy in light of the requirements of International Accounting Standard (IAS) 18 'Revenue' and ensuring its consistent application;
- selecting a sample of revenue transactions from across the Group and ascertaining the occurrence of each item through verification to source documentation pertaining to the validity of the sale and the date at which the risks and rewards of ownership transferred to the customer; and
- selecting a sample of year end receivables and verifying their existence by tracing their payment after the balance sheet date.

The group's accounting policy on revenue recognition is set out in Note 2 "Accounting Policies" to the financial statements and related disclosures are shown in Note 3.

Key observations

Our procedures, as set out above, did not identify any material misstatement in respect of revenue recognised by the Group during the year.

Management override of controls

The application of the Group's accounting policies often requires the use of management judgement and estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. The application of alternative judgements and estimates by management could give rise to a materially different financial result for the year. As a result, we identified management override of controls in the context of key management judgements and estimates as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- the identification and challenge of accounting estimates, judgements and decisions made by management by reference to our understanding of the Group's business, the accuracy of management's estimates and judgements in prior periods, and corroboration of management's explanations;
- consideration of the sufficiency of their disclosure within the financial statements;
- identification of journal entries which, in our professional opinion, appeared unusual and outside of our expectation, and the testing of those journals entries to corroborating documentation; and
- enquiry of management of unusual significant transactions and corroboration of their explanations supporting documentation.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
	<p>The group's accounting policy for estimates and judgements is set out in Note 2 "Accounting Policies" to the financial statements alongside those judgments and estimates which in the view of management are the most significant to the financial statements.</p> <p>Key observations Our procedures, as set out above, did not identify any material misstatements in respect of estimates, judgements and decisions made by management, journal entries and significant transactions</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	<p>£168,000 which was set as 2% of the Group's revenue at the planning stage of our audit, based on unaudited management information. This benchmark is considered the most appropriate because it is a significant determinant of the Group's financial performance. We chose not to revise our materiality threshold during the course of the audit once the final adjusted revenue was known.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 June 2016 as a result of the stronger performance of the group.</p>	<p>£138,000 which was set as 2% of the company's revenue at the planning stage of our audit, based on unaudited management information. This benchmark is considered the most appropriate because it is a significant determinant of the company's financial performance. We chose not to revise our materiality threshold during the course of the audit once the final adjusted revenue was known.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 June 2016 as a result of the stronger performance of the parent company.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality	75% of financial statement materiality
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£8,400 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£6,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- we determined that full scope audit procedures were to be carried out in the UK and targeted procedures in the US based on their relative materiality to the group and an assessment of their audit risk. Comprehensive and targeted testing performed at the component and Group levels addressed 99.88% of Group revenue;
- the Group locations subject to comprehensive and targeted testing were consistent with the prior year;
- the remaining operations of the Group were subject to analytical procedures over the balance sheet and income statements of the related entities with a focus on applicable risks identified above and the significance to the Group balances;

- undertaking a planning visit in September 2017 to evaluate the Group's internal control environment, perform an evaluation of the design effectiveness of controls over key financial statement risk areas identified as part of our audit risk assessment and to select certain transaction items to test during our procedures at the final audit stage;
- detailed targeted audit instructions were issued to the auditor of the reporting component in the US where targeted audit approaches had been identified. The instructions detailed the key audit matters that were to be addressed through the audit procedures and indicated the information that we required to be reported back to the Group engagement team; and
- in addition, the Group engagement team communicated with the component auditor throughout the planning, fieldwork and concluding stages of the local audit. Procedures included a review of the work performed by the component auditor remotely.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 11, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

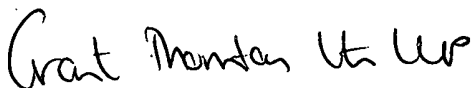
As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Jonathan Maile BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

23 October 2017

Consolidated income statement

	Notes	30 June 2017 £'000	30 June 2016 £'000
Revenue		8,186	8,303
Cost of sales		(201)	(1,077)
Gross profit		7,985	7,226
Share based payment	21	-	(275)
Amortisation of intangible assets		(302)	(425)
Other administrative expenses		(7,636)	(7,176)
Total administrative expenses		(7,938)	(7,876)
Operating profit/(loss)	4	47	(650)
Finance income and expense	7	167	126
Profit/(loss) before tax		214	(524)
Taxation	8	30	46
Total profit/(loss) for the period attributable to shareholders of the parent		244	(478)
Profit/(loss) per share			
Basic	9	0.10 p	(1.89)p
Diluted	9	0.10 p	(1.89)p

Consolidated statement of comprehensive income

	30 June 2017 £'000	30 June 2016 £'000
Profit/(loss) for the period	244	(478)
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(281)	233
Deferred tax on translation of foreign held assets	92	(47)
Total other comprehensive income	(189)	186
Total comprehensive income for the year attributable to shareholders of the parent	55	(292)

Company statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's result after taxation for the financial year was a profit of £148,000 (2016: loss of £801,000).

ADVFN PLC

Consolidated balance sheet

	Notes	30 June 2017 £'000	30 June 2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	53	68
Goodwill	12	948	918
Intangible assets	13	1,156	1,321
Deferred tax	15	6	-
Trade and other receivables	16	92	155
		<u>2,255</u>	<u>2,462</u>
Current assets			
Trade and other receivables	16	948	1,025
Cash and cash equivalents		<u>963</u>	<u>843</u>
		1,911	1,868
Assets in disposal group classified as held for sale	10	<u>-</u>	<u>142</u>
		<u>1,911</u>	<u>2,010</u>
Total assets		<u><u>4,166</u></u>	<u><u>4,472</u></u>
Equity and liabilities			
Equity			
Issued capital	20	51	51
Share premium		145	119
Share based payment reserve	21	344	344
Foreign exchange reserve		278	467
Retained earnings		<u>884</u>	<u>640</u>
		1,702	1,621
Non-current liabilities			
Deferred tax	15	<u>-</u>	<u>100</u>
		-	100
Current liabilities			
Trade and other payables	19	2,464	2,583
Current tax		<u>-</u>	<u>10</u>
		2,464	2,593
Liabilities directly associated with assets in disposal groups classified as held for sale	10	<u>-</u>	<u>158</u>
		<u>2,464</u>	<u>2,751</u>
Total liabilities		<u>2,464</u>	<u>2,851</u>
Total equity and liabilities		<u><u>4,166</u></u>	<u><u>4,472</u></u>

The financial statements on pages 17 to 50 were authorised for issue by the Board of Directors on 23 October 2017 and were signed on its behalf by:

Clem Chambers
CEO
Company number: 02374988

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

ADVFN PLC

Company balance sheet	Note	At 30 June 2017 £'000	At 30 June 2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	24	29
Intangible assets	13	488	586
Trade and other receivables	16	92	155
Investments	14	2,362	2,363
		<u>2,966</u>	<u>3,133</u>
Current assets			
Trade and other receivables	16	1,048	933
Current tax recoverable		-	-
Cash and cash equivalents		573	682
		<u>1,621</u>	<u>1,615</u>
Total assets		<u>4,587</u>	<u>4,748</u>
Equity and liabilities			
Equity			
Called up share capital	20	51	51
Share premium account		145	119
Share based payment reserve	21	344	344
Retained earnings		1,569	1,421
		<u>2,109</u>	<u>1,935</u>
Current liabilities			
Trade and other payables	19	2,478	2,803
Current tax		-	10
Total liabilities		<u>2,478</u>	<u>2,813</u>
Total equity and liabilities		<u>4,587</u>	<u>4,748</u>

The financial statements on pages 17 to 50 were authorised for issue by the Board of Directors on 23 October 2017 and were signed on its behalf:



Clem Chambers
CEO
Company number: 02374988

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

Consolidated statement of changes in equity

	Share capital	Share premium	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	50	-	189	281	1,118	1,638
Equity settled share options	-	-	155	-	-	155
Share issues	1	119	-	-	-	120
Total transactions with owners	1	119	155	-	-	275
Loss for the period after tax	-	-	-	-	(478)	(478)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	233	-	233
Deferred tax on translation of foreign held assets	-	-	-	(47)	-	(47)
Total other comprehensive income	-	-	-	186	-	186
Total comprehensive income	-	-	-	186	(478)	(292)
At 30 June 2016	51	119	344	467	640	1,621
Equity settled share options	-	-	-	-	-	-
Share issues	-	26	-	-	-	26
Total transactions with owners	-	26	-	-	-	26
Profit for the period after tax	-	-	-	-	244	244
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(281)	-	(281)
Deferred tax on translation of foreign held assets	-	-	-	92	-	92
Total other comprehensive income	-	-	-	(189)	-	(189)
Total comprehensive income	-	-	-	(189)	244	55
At 30 June 2017	51	145	344	278	884	1,702

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

Company statement of changes in equity

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	50	-	189	2,222	2,461
Equity settled share options	-	-	155	-	155
Share issues	1	119	-	-	120
Transactions with owners	1	119	155	-	275
Loss for the period after tax	-	-	-	(801)	(801)
Total comprehensive income for the year	-	-	-	(801)	(801)
At 30 June 2016	51	119	344	1,421	1,935
Share issues	-	26	-	-	26
Transactions with owners	-	26	-	-	26
Loss for the period after tax	-	-	-	148	148
Total comprehensive income for the year	-	-	-	148	148
At 30 June 2017	51	145	344	1,569	2,109

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

Consolidated cash flow statement

		12 months to 30 June 2017 £'000	12 months to 30 June 2016 £'000
	Notes		
Cash flows from operating activities			
Profit/(loss) for the year		244	(478)
Taxation		(30)	(46)
Net finance income in the income statement	7	(167)	(126)
Depreciation of property, plant & equipment	11	52	83
Amortisation	13	286	425
Profit on disposal of Investor Events	10	(56)	
Adjustment to fair value of embedded derivative		225	225
Share based payments - options	21	-	155
Decrease/(increase) in trade and other receivables		82	(80)
(Decrease)/increase in trade and other payables		(119)	(148)
Net cash generated by continuing operations		517	130
Income tax receivable		14	236
Net cash generated by operating activities		531	366
Cash flows from financing activities			
Issue of share capital		26	120
Interest paid		-	(1)
Net cash generated/(used) by financing activities		26	(1)
Cash flows from investing activities			
Payments for property plant and equipment	11	(37)	(52)
Purchase of intangibles	13	(379)	(399)
Sale of Investor Events	10	40	-
Sale/(purchase) of investments		-	6
Net cash used by investing activities		(376)	(445)
Net decrease in cash and cash equivalents		181	(80)
Exchange differences		(61)	(79)
Decrease in cash and cash equivalents continuing operations		120	(159)
Cash generated by disposal group		-	16
Net decrease in cash and cash equivalents		120	(143)
Cash and cash equivalents at the start of the period		843	986
Cash and cash equivalents at the end of the period		963	843

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

Company cash flow statement

		12 months to 30 June 2017 £'000	12 months to 30 June 2016 £'000
	Notes		
Cash flows from operating activities			
Profit/(loss) for the period		148	(801)
Taxation		(10)	10
Net finance income in the income statement (unwinding receivable)	7	(167)	(126)
Depreciation of property, plant & equipment	11	25	36
Amortisation	13	374	401
Adjustment to fair value of embedded derivative		225	225
Share based payments - options	21	-	155
Issue of share capital		26	120
Disposal of investment		1	-
Decrease/(Increase) in trade and other receivables		(110)	119
(Decrease)/increase in trade and other payables		(325)	76
Net cash generated/(used) by operating activities		187	215
Income tax receivable		-	123
Net cash generated/(used) by operating activities		187	338
Cash flows from financing activities			
Interest paid		-	(1)
Net cash generated by financing activities		-	(1)
Cash flows from investing activities			
Payments for property plant and equipment	11	(20)	(3)
Purchase of intangibles	13	(276)	(312)
Net cash used by investing activities		(296)	(315)
Net increase/(decrease) in cash and cash equivalents		(109)	22
Cash and cash equivalents at the start of the period		682	660
Cash and cash equivalents at the end of the period		573	682

The accompanying accounting policies and notes on pages 24 to 50 form an integral part of these financial statements.

Notes to the financial statements

1. General information

The principal activity of ADVFN PLC ("the Company") and its subsidiaries (together "the Group") is the development and provision of financial information, primarily via the internet, research services and the development and exploitation of ancillary internet sites.

The principal trading subsidiaries are All IPO Plc, InvestorsHub.com Inc, Investor Events Limited and Cupid Bay Limited.

The Company is a public limited company which is quoted on the AIM of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA.

The registered number of the company is 02374988.

Exemption from audit

For the year ended 30 June 2017 ADVFN Plc has provided a guarantee in respect of all liabilities due by its subsidiary company Cupid Bay Limited (Company No. 04001650) thus entitling it to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

2. Summary of significant accounting policies

Basis of preparation

The consolidated and company financial statements are for the year ended 30 June 2017. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 30 June 2017. The consolidated and company financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments carried at fair value and are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

The subsidiary company Cupid Bay Limited is exempt from an audit under s479A of the Companies Act 2006.

Going concern

The financial statements have been prepared on the going concern basis which assumes the Group will continue in existence for the foreseeable future. The Group has moved from loss to profit in line with the planned changes to strategy and the Directors continue to look for opportunities to reduce the ongoing cost base of the business without risking its continued development. The Directors have also prepared a detailed forecast of future trading and cash flows for the foreseeable future. At 30 June 2017 the Group's cash balances amounted to £963,000 and forecasts indicate that this balance will be improved during the next twelve to eighteen months. Accordingly, the Directors have prepared these financial statements on the going concern basis.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Standards and amendments to existing standards adopted in these accounts

The standards and amendments adopted in these accounts had no material effect on the financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 30 June 2017 financial statements

- IFRS 15: Revenue from contracts with customers – the standard establishes the principles that an entity will apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Effective for periods beginning on or after 1 January 2018.
- IFRS 16: Leases – this standard establishes the principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. Effective for periods beginning on or after 1 January 2018 but not yet endorsed.
- IFRS 9: Financial instruments – this standard replaces IAS 39 Financial Instruments: Recognition and measurement. The standard requires that all financial instruments are initially measured at fair value through profit or loss. Subsequently, financial assets can be measured at either amortised cost or at fair value (where movements in fair value can be made through either profit or loss or other comprehensive income). Financial liabilities are normally expected to be at fair value through other comprehensive income, equity is normally expected to be at fair value through profit or loss. Effective for periods beginning on or after 1 January 2018 but not yet endorsed.

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries drawn up to 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

Inter-company transactions, balances and unrealised gains and losses (where they do not provide evidence of impairment of the asset transferred) on transactions between Group companies are eliminated.

Business combinations

The Group uses the acquisition method of accounting for the acquisition of a subsidiary. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non controlling interest.

Goodwill is recognised at the acquisition date measured as the excess of the aggregate of:

- i. The fair value of the consideration transferred
- ii. The fair value or, alternatively, the share of net assets of the non controlling interest in the acquiree
- iii. In a combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed.

Where the goodwill calculation results in a negative amount (bargain purchase) this amount is taken to the income statement in the period in which it is derived.

Foreign currency translation**a) Functional and presentational currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency and the Group's presentational currency is Sterling.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each income statement are translated at the rate of exchange at the transaction date. Where this is not possible, the average rate for the period is used but only if there is no significant fluctuation in the rate and;
- On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity. Post transition exchange differences are recycled to profit or loss as a reclassification adjustment upon disposal of the foreign operation.

Income and expense recognition

Revenue is the fair value of the total amount receivable by the Group for supplies of services. VAT or similar local taxes and trade discounts are excluded.

The Group derives the majority of its revenue from the provision of financial information through websites. This generates subscription income, which is recognised over the life of the subscription, as well as advertising revenue which is recognised over the period in which advertising space is booked. Other revenues are derived from the provision of both broking and research services and which are recognised as the service is provided.

Interest income and expenditure are reported on an accruals basis. Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

Employee benefits

The cost of pensions in respect of the Group's defined contribution scheme is charged to profit or loss in the period in which the related employee services were provided.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Intangible assets

- Licences

Licences are recognised at cost less any subsequent impairment and amortisation charges, they are amortised over a five year period on a straight line basis.

- Goodwill

Goodwill is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired.

- Internally generated intangible assets

An internally generated intangible asset (website and mobile application) arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the 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
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangibles not yet in use are subject to annual impairment testing.

Internally generated intangible assets are amortised over three years.

Research expenditure is recognised as an expense in the period in which it is incurred.

- Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date and comprises brand names, subscriber lists, certain website development costs and licenses. All intangible assets acquired through business combination are amortised over their useful lives estimated at between 5 and 10 years.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

- Intangible assets purchased

Intangible assets are purchased when the opportunity arises and capitalised at cost (fair value). Purchased intangible assets are amortised over their useful lives estimated at between 5 and 10 years. Subsequent to initial recognition, purchased intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Property, plant and equipment

Property, plant and equipment are recorded at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life. The residual values of assets are reviewed annually and revised where necessary. Assets' useful economic lives are as follows:

Leasehold improvements	The shorter of the useful life of the asset or the term of the lease (1 to 3 years)
Computer equipment	33% per annum over 3 years
Office equipment	20% per annum over 5 years

Notes to the financial statements (continued)**Summary of significant accounting policies (continued)****Impairment**

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. As a result some assets are tested individually for impairment and some are tested at cash-generating unit level.

Goodwill, other individual assets or cash-generating units that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. The cashflow evaluations are a result of the Director's estimation of future sales and expenses based on their past experience and the current market activity within the business. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Financial assets

Financial assets consist of loans and receivables. Financial assets are assigned to their different categories by management on initial recognition, depending on the characteristics of the asset.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a trade receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in the income statement.

Trade payables are recognised initially at their fair value, net of transaction costs and subsequently measured at amortised costs less settlement payments.

Embedded derivative financial instrument

The Group previously carried a single embedded derivative instrument which was an option held by ADVFN Plc and which was netted against the value of the receivable amount due from the acquirer of Equity Holdings Limited and its subsidiary Equity Developments Limited. The risks and characteristics of the derivative and the host contract were regarded as being very similar. The purpose of the derivative was to take account of the likelihood under the disposal agreement of re-acquiring the subsidiaries as a result of the inability of the acquirer to meet the payments for the acquisition.

The embedded derivative was initially recognised at fair value and subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss was recognised in profit or loss immediately as the derivative was not recognised as a hedging instrument. The derivative had a negative value, however it would never be greater than the host contract and the net would therefore always be an asset. Where the life of the host contract is over 12 months the combined derivative and host value is presented as a non-current asset and where it is less than 12 months, as a current asset.

After the year end the acquirer failed to repay the £1m loan note, and therefore the embedded derivative instrument is no longer netted against the value of the receivable amount due from the acquirer. The risks and characteristics of the derivative and the host contract are no longer being regarded as being very similar due to this event.

Therefore this year the loan note has been fully provided and the embedded derivative has been recognised at a fair value of nil. The resulting gain or loss being recognised in profit or loss immediately as the derivative was not recognised as a hedging instrument.

Notes to the financial statements (continued)**Summary of significant accounting policies (continued)****Leases**

Where the risks and rewards of ownership of an asset are transferred to the group as lessee, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the income statement as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases are charged to profit or loss on a straight line basis over the lease term.

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement unless the tax relates to an item taken directly to equity in which case the tax is also taken directly to equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets such as those resulting from assessing deferred tax on the expense of share based payments, are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the present obligations arising from legal or constructive commitment resulting from past events, will probably lead to an outflow of economic resources from the Group which can be estimated reliably.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Share based employee compensation

The Group operates equity settled share based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as additional share premium.

Where modifications are made to the vesting or lapse dates of options the excess of the fair value of the revised options over the fair value of the original options at the modification date is expensed over the remaining vesting period.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Equity

Issued capital

Ordinary shares are classified as equity. The nominal value of shares is included in issued capital.

Share premium

The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of the expenses of the share issue.

Share based payment reserve

The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.

Foreign exchange reserve

The foreign exchange reserve represents foreign exchange gains and losses arising on translation of investments in overseas subsidiaries into the consolidated financial statements.

Retained earnings

The retained earnings include all current and prior period results for the Group and the post acquisition results of the Group's subsidiaries as determined by the income statement.

Dividends

Final equity dividends to the shareholders of ADVFN plc are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

Use of key accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- a) Capitalisation of development costs in accordance with IAS 38 requires analysis of the technical feasibility and commercial viability of the project in the future. This in turn requires a long term judgement to be made about the development of the industry in which the development will be marketed (Note 13). Where the directors consider that sufficient evidence exists surrounding the technical feasibility and commercial viability of the project, which indicate that the costs incurred will be recovered they are capitalised within intangible fixed assets. Where insufficient evidence exists, the costs are expensed to the income statement.
- b) The directors have used their judgement to decide whether the Group should be treated as a going concern and continue in existence for the foreseeable future. Having considered the latest Group forecasts, which cover a period of two years from the balance sheet date, together with the cash resources available to them, the directors have judged that it is appropriate for the financial statements to be prepared on the going concern basis.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

Sources of estimation uncertainty

- a) Determining whether goodwill are impaired requires an estimation of the value in use of the cash generating unit to which the goodwill has been allocated. This value in use calculation requires an estimation of the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate a suitable present value.
- b) The Group carries a receivable resulting from the disposal of Equity Holdings Limited and its subsidiary Equity Developments Limited. The structure of the disposal agreement is such that, should the acquirer default on payment of the cash or loan note, ADVFN Plc may accept the return of the majority of the shares in the disposed company in lieu of payment. The directors view this as an embedded derivative whose value is based upon the estimated share price of Equity Holdings Limited which, as the company is a private limited entity and limited financial information is available to the directors, is difficult to estimate.

Previously the value of the embedded derivative was netted against the discounted value of the receivable to arrive at the disclosed value of the receivable. The intrinsic value of the embedded derivative was nil where the value of the disposed company remains at or above the maturity value of the receivable i.e. £1.2 million. Any adjustment would therefore always have been negative, as Equity Holdings would only be expected to default when its company is worth less than the amounts due. At the previous year end the directors have valued the embedded derivative at a negative £975,000, which when netted against the discounted value of the host receivable gives a net carrying value of £58,000.

Amounts outstanding at the reporting date comprise £200,000 and the repayment of an outstanding loan note of £1,000,000 was due on 31 July 2017. Neither the loan note nor the cash instalments have been received and therefore, as set out in the accounting policies, the embedded derivative is not netted against the loan note and other outstanding amounts.

The outstanding amounts have been fully provided and the option to receive shares in the company has a valuation of £nil (2016: negative £975,000).

3. Segmental analysis

The directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board of Directors. The Group has identified two reportable operating segments, being that of the provision of financial information and that of other services. The provision of financial information is made via the Group's various website platforms.

The parent entities operations are entirely of the provision of financial information.

Two minor operating segments, for which IFRS 8's quantitative thresholds have not been met, are currently combined below under 'other'. The main sources of revenue for these operating segments is the provision of financial broking services and other internet services not related to financial information. The Disposal Group segment comprised Investor Events Limited which was held for sale with completion on 30 September 2016. Segment information can be analysed as follows for the reporting period under review:

2017	Provision of financial information £'000	Other £'000	Total £'000	Disposal group £'000	Total £'000
Revenue from external customers	7,814	372	8,186	-	8,186
Depreciation and amortisation	(465)	127	(338)	-	(338)
Other operating expenses	(7,380)	(421)	(7,801)	-	(7,801)
Segment operating (loss)/profit	(31)	78	47	-	47
Interest income	167	-	167	-	167
Interest expense	-	-	-	-	-
Segment assets	3,935	231	4,166	-	4,166
Segment liabilities	(2,430)	(34)	(2,464)	-	(2,464)
Purchases of non-current assets	313	103	416	-	416

Notes to the financial statements (continued)
Segmental analysis (continued)

2016	Provision of financial information £'000	Other £'000	Total £'000	Disposal Group £'000	Total £'000
Revenue from external customers	7,558	745	8,303	-	8,303
Depreciation and amortisation	(604)	117	(487)	-	(487)
Other operating expenses	(7,710)	(756)	(8,466)	-	(8,466)
Segment operating (loss)/profit	(756)	106	(650)	-	(650)
Interest income	126	-	126	-	126
Interest expense	-	-	-	-	-
Segment assets	4,348	(18)	4,330	142	4,472
Segment liabilities	(2,620)	(73)	(2,693)	(158)	(2,851)
Purchases of non-current assets	316	86	402	-	402

The Group's revenues, which wholly relate to the sale of services, from external customers and its non-current assets, are divided into the following geographical areas:

	Revenue 2017	Non-current assets 2017	Revenue 2016 £'000	Non-current assets 2016 £'000
UK (domicile)	3,288	1,278	3,807	1,209
USA	4,348	977	3,731	1,253
Other	550	-	765	-
	8,186	2,255	8,303	2,462

Revenues are allocated to the country in which the customer resides. During both 2017 and 2016 no single customer accounted for more than 10% of the Group's total revenues.

4. Operating loss

	2017 £'000	2016 £'000
Operating profit/loss has been arrived at after charging:		
Foreign exchange loss	43	(104)
Depreciation and amortisation:		
Depreciation of property plant and equipment:		
Owned	52	83
Amortisation of intangible assets	286	425
Gain on disposal of subsidiary	56	-
Change in fair value of embedded derivative charged to profit and loss (In 2016 the derivative is disclosed netted with the receivable within current and non-current receivables)	(975)	225
Provision for loan note receivable	1,200	-
Employee costs (Note 6)	3,238	2,492
Lease payments on land and buildings held under operating leases	196	119
Audit and non-audit services:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	26	26
For the audit of the company's subsidiaries pursuant to legislation	19	18
Fees payable to the Company's auditor and its associates for other services:		
All other assurance services	25	28
All non-audit services not covered above	15	8
Taxation compliance services	13	17

Notes to the financial statements (continued)

5. Remuneration of key senior management for Group and Company

Key senior management comprises only directors.

	2017 £'000	2016 £'000
Short term employee benefits	1,229	860
Share based payments	-	180
Post employment benefits - defined contribution pension plans	69	66
	<u>1,298</u>	<u>1,106</u>

Highest paid director.

	2017 £'000	2016 £'000
Short term employee benefits	394	285
Share based payments	-	77
Post employment benefits - defined contribution pension plans	33	30
	<u>427</u>	<u>392</u>

Details of the directors' emoluments, together with other related information, are set out in the Remuneration Report on page 10.

6. Employees

GROUP

	2017 £'000	2016 £'000
Employee costs (including directors):		
Wages and salaries	2,935	2,044
Social security costs	234	202
Pension costs	69	66
Share based payments	-	180
	<u>3,238</u>	<u>2,492</u>

The average number of employees during the year was made up as follows:

	2017	2016
Development	9	10
Sales and Administration	23	27
	<u>32</u>	<u>37</u>

COMPANY

	2017 £'000	2016 £'000
Employee costs (including directors):		
Wages and salaries	2,299	1,793
Social security costs	203	183
Pension	69	66
Share based payments	-	180
	<u>2,571</u>	<u>2,222</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Development	6	7
Sales and Administration	17	20
	<u>23</u>	<u>27</u>

For details of directors' remuneration, see the Remuneration Report on page 10.

Notes to the financial statements (continued)

7. Finance income and expense

GROUP AND COMPANY

	2017 £'000	2016 £'000
Finance expense		
- Bank interest	-	(1)
Finance income		
- Unwinding of discount on receivable for disposal group	167	127
	<u>167</u>	<u>126</u>

8. Income tax expense

GROUP

	2017 £'000	2016 £'000
Current Tax:		
UK corporation tax on profits for the year	-	-
Adjustments in respect of prior periods	(16)	(2)
Total current taxation	(16)	(2)
Deferred tax	(14)	(44)
Taxation	<u>(30)</u>	<u>(46)</u>

The tax assessed for the year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2017 £'000	2016 £'000
Profit/(loss) before tax	214	(524)
Loss before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.75%) (2016: 20.00%)	42	(105)
Effects of:		
Non-deductible expenses	40	208
Enhanced Research & Development expenditure	(213)	(103)
Overseas tax rates	51	-
Surrender of tax losses for R & D tax credit	-	-
Adjustments in respect of prior periods	(16)	(2)
Deferred tax – prior period adjustment	30	-
Deferred tax – difference between opening and current year tax rates	(14)	107
Movements in unrecognised deferred tax	50	(151)
Tax credit for the year	<u>(30)</u>	<u>(46)</u>

The main UK corporation tax rate is to change from 19% to 18% with effect from 1 April 2018. The recognised and unrecognised deferred tax assets have been calculated at 19%, being the rate enacted at 30 June 2017.

Notes to the financial statements (continued)

9. Loss per share

	12 months to 30 June 2017 £'000	12 months to 30 June 2016 £'000
Loss for the year attributable to equity shareholders	244	(478)
Total loss per share – basic and diluted		
Basic	0.10 p	(1.89)p
Diluted	0.10 p	(1.89)p
	Shares	Shares
Weighted average number of shares in issue for the year	25,612,338	25,237,597
Dilutive effect of options	-	-
Weighted average shares for diluted earnings per share	25,612,338	25,237,597

Where a loss has been recorded for the year the diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33. Where a profit has been recorded but the average share price for the year remains under the exercise price the existence of options is likewise not dilutive.

10. Disposal of Investor Events Limited

On 19 May 2016 an agreement was reached to dispose of the business Investor Events Limited. The disposal was effected in order to generate cash flow to benefit the other Group businesses. The disposal was completed 30 September 2016. The proceeds of the disposal amounted to £40,000 and exceeded the book value of other related net assets. The profit on disposal amounted to £56,000 as net liabilities of £16,000 were disposed.

11. Property, plant and equipment

GROUP

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 July 2015	48	1,298	245	1,591
Additions	-	8	44	52
At 30 June 2016	48	1,306	289	1,643
Additions	-	20	17	37
At 30 June 2017	48	1,326	306	1,680
Depreciation				
At 1 July 2015	48	1,235	209	1,492
Charge for the year	-	42	41	83
At 30 June 2016	48	1,277	250	1,575
Charge for the year	-	25	27	52
At 30 June 2017	48	1,302	277	1,627
Net book value				
At 30 June 2017	-	24	29	53
At 30 June 2016	-	29	39	68

ADVFN PLC

Notes to the financial statements (continued)

Property, plant and equipment (continued)

COMPANY

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 July 2015	48	1,256	106	1,410
Additions	-	3	-	3
At 30 June 2016	48	1,259	106	1,413
Additions	-	20	-	20
At 30 June 2017	48	1279	106	1433
Depreciation				
At 1 July 2015	48	1,194	106	1,348
Charge for the year	-	36	-	36
At 30 June 2016	48	1,230	106	1,384
Charge for the year	-	25	-	25
At 30 June 2017	48	1255	106	1409
Net book value				
At 30 June 2017	-	24	-	24
At 30 June 2016	-	29	-	29

12. Goodwill

GROUP

	£'000
1 July 2016	918
Exchange differences	30
At 30 June 2017	948

The goodwill carried in the balance sheet is attributable to InvestorsHub.com Inc.

Impairment testing – InvestorsHub.com Inc.

The Group tests goodwill annually for impairment. During the year, impairment tests were undertaken over the goodwill of InvestorsHub.com Inc. which is considered to be a single CGU. The recoverable amount was determined using a value in use calculation based upon management forecasts for the trading results for the three years ending 30 June 2020 extended to perpetuity without growth.

A discount rate of 10% has been calculated for this exercise based on the estimated likely rate of debt financing for the company. The key assumptions utilised within the forecast model relate to the level of future sales. Increases have been estimated at between 0% and 5%. The closing exchange rate of \$1.30/£ has been used. The value in use calculations indicate that InvestorsHub.com Inc. has a recoverable amount which is £2,228,000 greater than the carrying amount of the assets allocated to them. The value of forecast cashflows would have to fall by 60% to reduce the recoverable amount of the CGU to the carrying value of the assets allocated to them. The directors do not feel this is a reasonably possible scenario given the current and foreseeable market activity. The company is expanding and increasingly profitable.

Notes to the financial statements (continued)

13. Other intangible assets

GROUP

	Licences	Brands & subscriber lists	Website development costs	Mobile application	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 July 2015	162	2,256	3,219	10	-	5,647
Exchange differences	-	131	-	-	-	131
Additions	-	-	399	-	-	399
At 30 June 2016	162	2,387	3,618	10	-	6,177
Exchange differences	-	(258)	-	-	-	(258)
Disposal	-	-	(985)	-	-	(985)
Additions	-	-	277	-	102	379
At 30 June 2017	162	2,129	2,910	10	102	5,313
Amortisation						
At 1 July 2015	162	1,939	2,324	6	-	4,431
Charge for the year	-	152	271	2	-	425
At 30 June 2016	162	2,091	2,595	8	-	4,856
Disposal	-	-	(985)	-	-	(985)
Charge for the year	-	38	236	2	10	286
At 30 June 2017	162	2,129	1,846	10	10	4,157
Net book value						
At 30 June 2017	-	-	1,064	-	92	1,156
At 30 June 2016	-	296	1,023	2	-	1,321

All additions are internally generated

The directors are satisfied that no indication of impairment exists in respect of these assets.

Notes to the financial statements (continued)

Other intangible assets (continued)

COMPANY

	Licenses £'000	Mobile application £'000	Website development £'000	Total £'000
Cost				
At 1 July 2015	100	10	2,226	2,336
Amounts written off	-	-	-	-
Additions	-	-	312	312
At 30 June 2016	100	10	2,538	2,648
Amounts written off	-	-	-	-
Additions	-	-	276	276
At 30 June 2017	100	10	2,814	2,924
Amortisation				
At 1 July 2015	40	6	1,615	1,661
Amounts written off	-	-	-	-
Charge for the year	10	2	389	401
At 30 June 2016	50	8	2,004	2,062
Amounts written off	-	-	-	-
Charge for the year	10	2	362	374
At 30 June 2017	60	10	2,366	2,436
Net book value				
At 30 June 2017	40	-	448	488
At 30 June 2016	50	2	534	586

All additions are internally generated

The directors are satisfied that no indication of impairment exists in respect of these assets.

Notes to the financial statements (continued)

14. Subsidiary companies consolidated in these accounts

COMPANY

			Subsidiaries £'000
At 1 July 2015			2,363
Additions			-
30 June 2016			2,363
Disposal			(1)
30 June 2017			2,362

	Country of incorporation	% interest in ordinary shares 30 June 2017	Principal activity
Cupid Bay Limited	England & Wales	100.00	Internet dating web site
Fotothing Limited	England & Wales	100.00	Dormant
NA Data	USA	100.00	Financial information web site
InvestorsHub.com Inc.	USA	100.00	Financial information web site
ADVFN Brazil Limited	England & Wales	100.00	Dormant
E O Management Limited	England & Wales	100.00	Dormant
Throgmorton Street Capital Limited	England & Wales	100.00	Dormant
Advessel Limited	England & Wales	100.00	Dormant
All IPO Plc	England & Wales	100.00	IPO information web site
Writer Pub Limited	England & Wales	100.00	Dormant

The subsidiary Investor Events Limited was disposed during the year.

The subsidiary company Cupid Bay Limited is exempt from an audit under s479A of the Companies Act 2006.

Notes to the financial statements (continued)

15. Deferred tax

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

	Intangible assets £'000	Website development costs £'000	US temporary differences £'000	UK tax losses £'000	Total £'000
At 1 July 2015	(37)	(179)	(60)	179	(97)
Credit/(charge) to profit or loss	58	(26)	(14)	26	44
Charge to other comprehensive income	(47)	-	-	-	(47)
At 30 June 2016	(26)	(205)	(74)	205	(100)
Credit/(charge) to profit or loss	17	(3)	(3)	3	14
Charge to other comprehensive income	92	-	-	-	92
At 30 June 2017	83	(208)	(77)	208	6

The charge to other comprehensive income refers to the deferred tax effect of foreign exchange differences on the assets of I Hub Inc which are retranslated at each balance sheet date. Deferred tax in subsidiary companies amounted to £nil in All IPO Plc and £nil in I Hub Inc.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances, after offset, for the purposes of financial reporting:

	2017 £'000	2016 £'000
Deferred tax liabilities		
- Website development	(208)	(205)
- US temporary differences	(77)	(74)
Deferred tax assets		
- Intangible assets	83	(26)
- UK tax losses	208	205
	6	(100)

At the balance sheet date the Group had unused tax losses of £5,883,000 (2016: £5,936,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £1,000,000 (2016: £1,023,000) of such losses, as these losses would offset any taxable profits arising as a result of the unwinding of the deferred tax liability in respect of website development costs. No deferred tax asset has been recognised in respect of the remaining £4,899,000 (2016: £5,041,000) due to the unpredictability of future profit streams. Substantially all of the losses may be carried forward indefinitely.

16. Trade and other receivables

GROUP

	2017 £'000	2016 £'000
Non-current assets		
Other receivables	92	155
Current assets		
Trade receivables	680	749
Prepayments and accrued income	268	274
Other receivables	-	2
	948	1,025

The Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

Notes to the financial statements (continued)

Trade and other receivables (continued)

COMPANY

	2017 £'000	2016 £'000
Non-current assets		
Other receivables	92	155
Current assets		
Trade receivables	231	406
Prepayments and accrued income	221	229
Amounts owed by Group undertakings	596	298
	1,048	933

17. Credit quality of financial assets

GROUP

As of 30 June 2017, trade receivables of £199,000 (2016: £153,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these overdue trade receivables is as follows:

	2017 £'000	2016 £'000
Trade receivables overdue by:		
Not more than 3 months	60	49
More than 3 months but not more than 6 months	65	58
More than 6 months but not more than 1 year	73	46
More than 1 year	1	-
	199	153

Impaired receivables allowance account:

At 1 July	25	22
Released during the year	-	(1)
Utilised during the year	(11)	(18)
Created during the year	24	22
At 30 June	38	25

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2017 £'000	2016 £'000
Sterling	219	313
Euro	17	53
US dollar	444	379
Japanese yen	-	4
	680	749

Notes to the financial statements (continued)

Credit quality of financial assets (continued)

COMPANY

As of 30 June 2017, trade receivables of £31,000 (2016: £20,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these overdue trade receivables is as follows:

	2017 £'000	2016 £'000
Trade receivables overdue by:		
Not more than 3 months	21	6
More than 3 months but not more than 6 months	7	10
More than 6 months but not more than 1 year	3	4
	<u>31</u>	<u>20</u>
 Impaired receivables allowance account		
At 1 July	25	22
Released during the year	-	(1)
Utilised during the year	(11)	(18)
Created during the year	24	22
	<u>38</u>	<u>25</u>
At 30 June		

The carrying amount of the Company's trade receivables is denominated in the following currencies:

	2017 £'000	2016 £'000
Sterling	150	295
Euro	17	52
US dollar	64	55
Japanese yen	-	4
	<u>231</u>	<u>406</u>

18. Financial instruments

GROUP

Categories of financial instrument

Non-current

Trade and other receivables - loans and receivables

	2017 £'000	2016 £'000
	92	155

Current

Trade and other receivables - loans and receivables

Trade and other receivables – non-financial assets

	2017	2016
	680	751
	268	274
	<u>948</u>	<u>1,025</u>

Cash and cash equivalents- loans and receivables

	2017	2016
	963	843

Total loans and receivables

	2017	2016
	<u>1,735</u>	<u>1,749</u>

Trade and other payables – other financial liabilities at amortised cost

Trade and other payables – non financial liabilities

	2017	2016
	1,496	1,668
	968	915
	<u>2,464</u>	<u>2,583</u>

Derivative financial instruments – carried at fair value through profit or loss

	2017	2016
	-	(975)

Notes to the financial statements (continued)

Financial instruments (continued)

COMPANY

Categories of financial instrument

	2017 £'000	2016 £'000
Non-current		
Trade and other receivables - loans and receivables	92	155
Current		
Trade and other receivables - loans and receivables	827	704
Trade and other receivables – non-financial assets	221	229
	1,048	933
Cash and cash equivalents- loans and receivables	573	682
Total loans and receivables	1,492	1,541
Trade and other payables – other financial liabilities at amortised cost	1,574	1,903
Trade and other payables – non financial liabilities	904	900
	2,478	2,803
Derivative financial instruments – carried at fair value through profit or loss	-	(975)

19. Trade and other payables

GROUP

	2017 £'000	2016 £'000
Trade payables	1,104	1,379
Social security and other taxes	240	188
Accrued expenses and deferred income	981	842
Other payables	20	19
Amounts owed to related parties	119	155
	2,464	2,583

COMPANY

	2017 £'000	2016 £'000
Trade payables	1,017	1,300
Other tax and social security	223	173
Accruals and deferred income	891	832
Other payables	32	34
Amounts owed to related parties	119	155
Amounts owed to Group undertakings	196	309
	2,478	2,803

Notes to the financial statements (continued)

20. Share capital

GROUP AND COMPANY

	Shares	£'000
Issued, called up and fully paid Ordinary shares of £0.002 each		
At 1 July 2015	25,220,210	50
Share issue 31 December 2015	190,000	1
Share issue 5 May 2016	113,635	-
At 30 June 2016	25,523,845	51
Share issue 31 December 2016	100,000	-
At 30 June 2017	25,623,845	51

Share price

The market value of the shares at 30 June 2017 was 19.50p (2016; 19.50p). The range during the year was 19.50p to 30.50p (2016; 127.50p to 19.50p). Shareholder are entitled to one vote per Ordinary share held and dividends will be apportioned and paid proportionately to the amounts paid up on the Ordinary shares held.

21. Share based payments

GROUP AND COMPANY

The Group uses share options as remuneration for services of employees. The fair value is expensed over the remaining vesting period.

The fair value of options granted after 7 November 2002 has been arrived at using the Black-Scholes model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the allowed period
- There are no vesting conditions which apply to the share options other than continued service up to 3 years.
- No variables change during the life of the option (e.g. dividend yield must be zero).
- Volatility has been calculated over the 3 years prior to the grant date by reference to the daily share price.

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

	2017 WAEP	
	Number	Price (£)
Outstanding at the beginning of the year	2,062,946	0.7810
Granted during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the year end	2,062,946	0.7810
Exercisable at the year end	2,062,946	0.7810

	2016 WAEP	
	Number	Price (£)
Outstanding at the beginning of the year	2,062,946	0.7810
Granted during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the year end	2,062,946	0.7810
Exercisable at the year end	862,946	0.7620

Notes to the financial statements (continued)

Share based payments (continued)

The options outstanding at the year-end are set out below:

Expiry date	Exercise Price (£)	2017		2016	
		Share options	Remaining life	Share options	Remaining life
10 year expiry					
31 December 2022	1.1875	140,000	6	140,000	7
31 December 2022	1.1500	140,000	6	140,000	7
31 December 2022	0.8250	180,000	6	180,000	7
31 December 2022	0.7640	62,946	6	62,946	7
12 December 2024	0.7950	1,200,000	8	1,200,000	9
7 year expiry					
10 June 2018	0.4375	220,000	1	220,000	2
10 June 2018	0.3125	<u>120,000</u>	1	<u>120,000</u>	2
		<u>2,062,946</u>	6	<u>2,062,946</u>	7

No options were exercised during the year.

The total expense recognised during the year by the Group, for all schemes, was £nil (2016: £275,000).

22. Operating lease commitments

GROUP AND COMPANY

The following payments are due to be made on operating lease commitments which are all leases on office accommodation:

Land & buildings	2017	2016
	£'000	£'000
Within one year	200	119
Two to five years	332	198
	<u>532</u>	<u>317</u>

The lease expense in the period amounted to £196,000 (2016: £119,000)

Notes to the financial statements (continued)

23. Financial risk management

The Group and Company's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. All companies within the group apply the same risk management programme, overall this focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board and their policies are outlined below.

a) Market risk

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk as it operates within the USA and other countries around the world and therefore transactions are denominated in Sterling, Euro, US Dollars and other currencies. The Group policy is to try and match the timing of the settlement of sales and purchase invoices so as to eliminate, as far as possible, currency exposure.

The Group does not hedge any transactions and foreign exchange differences on retranslation of foreign currency monetary assets and liabilities are taken to the income statement.

GROUP

The carrying value of the Group's foreign currency denominated assets and liabilities are set out below:

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
US Dollars	1,777	432	1,791	90
Euros	70	33	53	-
Yen	11	14	4	-
Other	-	4	-	-
	<u>1,858</u>	<u>483</u>	<u>1,848</u>	<u>90</u>

COMPANY

The carrying value of the Company's foreign currency denominated assets and liabilities are set out below:

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
US Dollars	118	299	54	454
Euros	70	33	53	80
Yen	11	14	4	33
Other	-	4	-	16
	<u>199</u>	<u>350</u>	<u>111</u>	<u>583</u>

Notes to the financial statements (continued)

Financial risk management (continued)

Foreign exchange risk (continued)

The majority of the group's financial assets are held in Sterling but movements in the exchange rate of the US Dollar and the Euro against Sterling have an impact on both the result for the year and equity. The Group considers its most significant exposure is to movements in the US Dollar.

Sensitivity to reasonably possible movements in the US Dollar exchange rate can be measured on the basis that all other variables remain constant. The effect on profit and equity of strengthening or weakening of the US Dollar in relation to sterling by 10% would result in a movement of:

Group - ±£24,000 (2016: ±£30,000).

Company - ±£4,000 (2016: ±£6,000).

Interest rate risk

As the Group carries no borrowings the directors consider that there is no significant interest rate risk.

Embedded derivative

The Group and Company carries a receivable resulting from the disposal of Equity Holdings Limited and its subsidiary Equity Developments Ltd. The structure of the disposal agreement is such that, should the acquirer default on payment of the cash or loan note, ADVFN Plc may accept the return of the majority of the shares in the disposed company *in lieu* of payment. The directors view this as an embedded derivative. The embedded derivative is carried at fair value with movements in the valuation being shown in the 'Administrative expenses' line of the income statement. The receivable is presented net of the derivative liability.

GROUP AND COMPANY

Fair Value Hierarchy

All financial instruments measured at fair value must be classified into of the levels below:

- Level 1: Quoted prices, in active markets
- Level 2: Fair Value Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

The fair value hierarchy of financial instruments held at fair value is shown below:

	2017 £'000	2016 £'000
Financial liabilities		
Derivative financial liabilities (fair value through profit or loss)	Level 3	Level 3
At 1 July	(975)	(750)
Movement in the year	975	(225)
At 30 June	-	(975)

Payments due from the shareholders of Equity Holdings and its subsidiary Equity Developments as consideration for the purchase of the companies has not been received. Amounts outstanding at the reporting date comprise £200,000 and the repayment of an outstanding loan note of £1,000,000 was due on 31 July 2017.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount:

Group - £1,735,000 (2016: £2,015,000).

Company - £1,492,000 (2016: £1,243,000).

Provision of services by members of the Group results in trade receivables which the management consider to be of low risk, other receivables are likewise considered to be low risk. The management do not consider that there is any concentration of risk within either trade or other receivables. For additional information on receivables see note 17.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

Notes to the financial statements (continued)

Financial risk management (continued)

c) Liquidity risk

The Group currently holds cash balances in Sterling, US Dollars and Euros to provide funding for normal trading activity. The Group also has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

GROUP

2017	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	1,104	-	-	-
Accruals	253	-	-	-
Other payables	20	-	-	-
Amounts owed to related parties	119	-	-	-

2016	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	1,379	-	-	-
Accruals	115	-	-	-
Other payables	19	-	-	-
Amounts owed to related parties	155	-	-	-

COMPANY

2017	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	1,136	-	-	-
Accruals	209	-	-	-
Other	32	-	-	-
Amounts owed to related parties	119	-	-	-
Amounts owed to Group undertakings	196	-	-	-

2016	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	1,300	-	-	-
Accruals	105	-	-	-
Other	34	-	-	-
Amounts owed to related parties	155	-	-	-
Amounts owed to Group undertakings	309	-	-	-

The Directors consider that the carrying amount of trade and other receivables in both the Group and Company is approximately equal to their fair value.

Notes to the financial statements (continued)**Financial risk management (continued)****d) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in a volatile and tight credit economy.

The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to insignificant amounts of lease funding. Share capital and premium together amount to £196,000 (see page 18).

Whilst the Group does not currently pay dividends it is part of the capital strategy to provide returns for shareholders and benefits for other members in the future. However, the Group is planning growth and it will continue to be important to maintain the Groups credit rating and ability to borrow should acquisition targets become available.

Capital for further development of the Group's activities will, where possible, be achieved by share issues and not by carrying significant debt.

24. Capital commitments**GROUP AND COMPANY**

At 30 June 2017 neither the Group nor the Company had any capital commitments (2016: £nil).

25. Related party transactions**GROUP**

On-line Plc is related by virtue of having common directors, M J Hodges, C H Chambers and J B Mullins and as On-line Plc holds approximately 17.98% of the shares in the Company. Advertising recharges were paid to On-Line Plc amounting to £98,000 (2016: £85,000). Certain services were supplied by All IPO Plc to On-Line Plc free of charge. The value of these services amounted to £23,000 for the year (2016: £23,000). On-Line Plc was owed £119,000 by ADVFN Plc at the balance sheet date. Mr Robert Emmet, a director of All IPO Plc, received payments totalling £165,000 (2016: £17,000) for consultancy services provided during the year.

Brian Basham is also the owner of Equity Developments Limited and Equity Holdings Limited; for additional details please refer to page 31.

The remuneration paid to Directors is disclosed on page 10 of the Directors' Report; there were no other related party transactions.

COMPANY

On-line Plc is related by virtue of having common directors, M J Hodges, C H Chambers and J B Mullins and as On-line Plc holds approximately 17.98% of the shares in the company. Advertising recharges were paid to On-Line Plc amounting to £98,000 (2016: £85,000). On-Line Plc was owed £119,000 by ADVFN Plc at the balance sheet date.

Brian Basham is also the owner of Equity Developments Limited and Equity Holdings Limited; for additional details please refer to page 31.

The remuneration paid to Directors is disclosed on page 10 of the Directors' Report; there were no other related party transactions.

Notes to the financial statements (continued)

26. Disposal of Equity Holdings Ltd and Equity Developments Ltd

GROUP AND COMPANY

On 4th July 2012 an agreement was reached between ADVFN Plc and Bashco Ltd whereby Bashco Ltd acquired Equity Holdings Limited together with its subsidiary Equity Developments Ltd.

Bashco Ltd is owned by Brian Basham who was the Chairman of Equity Developments Ltd whilst a subsidiary of ADVFN Plc. and is now a non-executive director of ADVFN plc the parent company.

Consideration was payable in cash amounting to £200,000 due in equal instalments on the 2nd, 3rd, 4th and 5th anniversaries of the completion of the agreement, which was 4th July 2012.

In addition, a convertible loan note was issued to ADVFN plc by Equity Developments on the completion date of 4th July 2012 in the amount of £1 million maturing on 31 July 2017.

The conditions covering the rights of conversion of the loan note to equity are as follows;

If the cash consideration is paid in full within 30 days of the respective due dates but the purchaser fails to make the cash payment of £1 million on the maturity date (31 July 2017) then the loan notes will convert automatically on the maturity date to an option to acquire shares comprising 49% of the issued share capital of Equity Developments. Equity Holdings will retain the majority shareholding of 51%.

If the cash consideration is not paid in full within 30 days of the respective due dates then the holder of the loan notes has the right to demand full repayment of £1 million in cash immediately on the default. If that amount is not paid then the loan notes will convert automatically on the maturity date to an option to acquire shares comprising 99.5% of the issued share capital of Equity Developments. Equity Holdings will retain the remaining shareholding of 0.5%.

No consideration had been received at the time of the signing of these financial statements.

None of the four cash instalments have been paid and the final settlement for the loan note of £1,000,000 was due on 31 July 2017. The Directors do not believe this or any other payment will be made. The estimate that the net value of the disposal receivable is nil and the value of the embedded derivative is nil. This represents the director's best estimate of the value of the host receivable and fair value of the embedded derivative after taking into account their estimate of the fair market value of Equity Holdings Limited and its subsidiary. Key inputs into this estimate include the limited financial information available and a discount for associated risk, primarily related to the lack of knowledge over the current trading status of the companies and the history of non-payment of the cash instalments

27. Events after the balance sheet date

Payments due from the shareholders of Equity Holdings and its subsidiary Equity Developments as consideration for the purchase of the companies has not been received. Amounts outstanding at the reporting date comprise £200,000 in cash and the repayment of an outstanding loan note of £1,000,000 was due on 31 July 2017. Neither the loan note nor the cash instalments have been received and therefore, ADVFN Plc has the right to acquire 99.5% of the shares of Equity Holdings Limited as the loan note has converted automatically to an option to acquire those shares. The Directors have decided not to enforce said right as the business of Equity Holdings remains outside of the longer term strategy of the group. As a result the Directors have commenced proceeding to alter the arrangements so as to potentially give ADVFN Plc a right to equity in Equity Holdings should it grow in market value.

Apart from that there are no events of significance occurring after the balance sheet date to report.

28. Accounts

Copies of these accounts are available from the Company's registered office at Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA or from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

www.companieshouse.gov.uk

and from the ADVFN plc website:

www.ADVFN.com