



[www.advfn.com](http://www.advfn.com)

ADVFN Plc Annual Report 2014

**FOR THE YEAR ENDED  
30 JUNE 2014**

Registered Number: 2374988 (England and Wales)



Looking for undervalued  
stocks ready to  
**TAKE OFF!**

Portfolio  
Monthly tips

## Deep Value Shares

Fundamental analysis  
to spot winners

Professor Glen Arnold  
Best selling **FT** author

# ADVFN

0207 0700 961



[newsletters.advfn.com](http://newsletters.advfn.com)

**TOP  
newsletter**

## Diary of a Contrarian Investor

by Clem Chambers  
CEO of ADVFN

Our experience  
of small caps giving you  
a winning edge

# OMG!

OPPORTUNITY 4  
MATERIAL GAINS

At least 15  
recommendations  
a month

one main  
pick each  
week



## CONTENTS OF THE FINANCIAL STATEMENTS

	PAGE
Highlights	2
Directors, officers and advisers	3
Chief Executive's Statement	4
Strategic Report	5
Report of the Directors	7
Remuneration Report	10
Report of the Independent Auditor	12
Consolidated Income Statement	13
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16
Notes to the Financial Statements	17
Directors' Responsibilities for the Company Financial Statements	39
Report of the Independent Auditor on the Parent Company Financial Statements	40
Parent Company Balance Sheet	41
Notes to Parent Company Financial Statements	42

## ADVFN PLC

### Audited Results for the Year Ended 30 June 2014

ADVFN, Europe's leading stocks and shares website, announces its audited results for the year ended 30 June 2014

- ***EBITDA\* profit increases to £298,000 (2013: profit of £108,000)***
- ***Loss for the period down to £454,000 (2013: loss of £539,000)***
- ***ADVFN's registered user base continues to grow and is in excess of 3,000,000 (2013: 2,800,000)***

For further information, please contact:

Clem Chambers,  
ADVFN PLC CEO  
0207 0700 909

Salmaan Khawaja/Edward Thomas  
Grant Thornton UK LLP (Nominated Adviser)  
0207 383 5100

*\*EBITDA is calculated as the operating result for the year before depreciation and amortisation charges.*



## **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)

Yair Tauman (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, The Explorer Building, Fleming Way, Manor Royal, Crawley, West Sussex, RH10 9GT

### **Nominated Adviser**

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

### **Broker**

Mirabaud Securities Limited, 21 St James' Square, London, SW1Y 4JP

### **Registrars**

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

**Company number:** 2374988

## **CHIEF EXECUTIVE'S STATEMENT**

2014 was a good year. Our EBITDA was £298,000 up 176%. This was on top of a significant improvement in the year before.

Sales were £9,702,000 up £1,625,000 from £8,077,000, an increase of 20% from 2013 levels.

The operating loss improved again in 2014 by £208,000 from a loss of £871,000 in 2013 to £663,000 this year.

Our cash rose by £214,000 to £1,675,000 from £1,461,000 in 2014.

These solid gains have been against a background of further investment, apparently depressed market activity as far as market participants are concerned and a rampant pound which suppressed the results of our very strong US performance.

Our US business has continued to perform very satisfactorily with particularly strong growth in the winter and spring of 2014. The US market has been far and away the highlight of the year.

ADVFN's growth has come from increased advertising sales, which has coincided with our total subscriber numbers rising.

Our focus remains the same with particular concentration on the US which continues to deliver on its promise.

Last year I mentioned that ADVFN has over the years grown and plateaued only to grow again when changes in the market or product breakthrough trigger a period of growth. As I write it appears we continue to be in a growth phase.

We continue to look out for acquisitions and joint ventures and one of these developments has been the joint venture with Topstocks.com in Australia. This has begun to be a revenue-generator for us and has given us another model to apply to opportunities where a JV is more appropriate with a website than the acquisition of all or part of it.

It is a positive sign that while 2014 has not been a bull year for world markets we have still been making good progress. It is of our opinion that if the market was to crash ADVFN would do very well as ultimately the thing traders hate most is inactivity in the market. Previous corrections and crashes have resulted in traffic increases for us, and this outcome would present an opportunity to showcase the site to a whole new generation.

We have been working extremely hard in 2014. That is not to say we do not every year, but 2013-2014 has been a period of significant change and reorganisation. This should have been invisible to our customers and shareholders; if it hasn't been then we have not done it smoothly enough.

We have been building out our sales force, re-engineering our infrastructure and working on new products and features.

This is the core process that will drive future growth.

We felt 2013-2014 would be another solid year and it has come in a little ahead of our expectations. We believe that 2014-2015 also looks positive.

Key to this year has been our US OTC QX listing in the US and our capital reorganization and American Depositary Receipts (ADR) program. Picking our Google analytic stats at random, in April 2014 we had 5.4 million US visitors in that month according to Comscore we are the ninth biggest finance site in the US by page impressions. The eight bigger were: Yahoo Finance, MSN Money, Dow Jones & Company, CNBC, Bloomberg, AOL Money & Finance, CNN Money and Forbes Digital. Anyone else you have ever heard of in our field is smaller than us in the US, that's staggering.

We, of course, know the numbers inside out but no matter how often we review ADVFN's website stats, our scale in America is significant and we are thrilled by it. In a nutshell it means we have an opportunity to add significant shareholder value in the medium to long term if we can gain a US internet valuation for our business.

We do have a natural advantage in this effort, as we have three million active, high risk small cap investors as a loyal and engaged user base within the US.

During 2015 we hope to continue to show how well we can present ourselves to this audience which, if we are successful in reaching them, will drive a flow of our UK shares into the US ADR.

It's an exciting prospect.

**Clem Chambers**  
**CEO**  
**22 October 2014**

## **STRATEGIC REPORT**

### **Financial Overview**

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

This year's Group results show a significant improvement with EBITDA improving by £190,000 from £108,000 to £298,000.

The result after tax, which includes £1,178,000 of non-cash items, was a loss of £454,000, an improvement of £85,000 against a loss in 2013 of £539,000.

We continue to be robust on costs, which has given us the resources to continue to invest heavily in R&D and international markets. We have also increased our marketing with online brand building.

### **Business Review**

I normally find myself trying to say the long term plan for the business is exactly the same one as we had last year and the year before. We try to stick with our long term strategy and we have ploughed the same strategic furrow for more than a decade. Our strategy has not made us a billion dollar company but it has left us as one of only a smattering of surviving dotcom boom internet companies on AIM.

We aren't however complacent about our progress. We are trying to become an internet colossus and we are working hard towards that goal, even if we are still not galloping towards that destination at great speed.

While we are not going to throw our strategy away we are however thinking a new thought.

Whilst the UK is a great place for technical and sales talent and sits in the heart of the global financial system, it is not necessarily, from a financial markets perspective, the most benign environment for small internet and technology companies.

This is why we have gone to the considerable trouble of listing on the OTC Markets QX tier. Our huge user base in the US loves small cap companies as much as US investors in general love tech companies. As such with our new US listing we plan to try to become a highly regarded listed small cap internet company in the US. With this in mind we have put the technical equity mechanisms in place to make it possible to operate a dual listing, which allows our shares to flow freely from the UK to the significantly larger market place of our US customers.

It's been hard work setting it all up, but the potential is very exciting as anyone calculating the sales to market cap of US internet companies will note.

We think a lot can go right in 2015.

### **Operating Costs**

We have been very focused on costs over the last three years and we have taken the decision to grow our head count again especially in sales to monetize our increased inventory. While it takes time for new hires to skill up at ADVFN we expect to begin feeling the benefits of this investment in the latter half of the next financial year.

### **Research and Development**

R&D at ADVFN never stops and this year was no different.

As an aggregator of a myriad of feeds, we are always fixing what gets broken upstream from us.

In the old days we would have said one of our core values was we have a platform that pulls an ocean of financial information together and then disseminates it to a huge audience. We are one of a few vendors that can or do this for world markets. These days you don't hear that this kind of platform is worth beyond gold. It is however a big barrier of entry to competition.

We also must keep our infrastructure up to the latest standards and ahead of demand, which might spike to giant levels should the market, for example, crash.

Additionally this year we won patent pending status for new market technology that we will apply to new product which we feel could be breakthrough for us. If it isn't we will still have made another step along the way.

As I said last year, R&D will always be the heart of ADVFN.

### **Environmental policy**

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

### Summary of key performance indicators

	2014 Actual	2014 Target	2013 Actual	2013 Target
EBITDA	£298k	£200k	£108k	£50k
Average head count	43	44	37	40
ADVFN registered users	3.0M	2.9M	2.8M	2.7M

### Future outlook for the business.

You may have noticed from the tone of this year's report, I am very positive about the road ahead.

While it's good to have strong top line growth and solid all round performance improvements there is nothing like the prospect of a shot of a breakthrough to raise spirits.

The opportunity of being able to present the company to millions of new investors is a bracing prospect.

Meanwhile we are expecting to continue along the same path as the last two years.

### Principle risks and uncertainties

#### *Economic downturn*

There are signs of global economic recovery and these have shown up as bursts of traffic on ADVFN, for example in Japan. However there can be no certainty in a return to economic normality in the near future but as previously stated the company has bridged both the dotcom crash and the credit crunch, so we feel that we have shown we are robust enough to withstand the financial conditions of economic emergencies.

#### *High proportion of fixed overheads and variable revenues*

A large 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. We have had a strong period of cost optimisations that are updated on a regular basis.

#### *Product obsolescence*

The technology that we use is always in development and constantly changing. All our products are subject to technological change and advance and resultant obsolescence.

We have no choice but to 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 growing 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. 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.

Consideration of the principle risks associated with financial instruments is contained in note 22.

### People

We are a dedicated, highly skilled and loyal team. I would like to thank everyone for enabling ADVFN to provide a superb 24/7/365 service to millions of users around the globe; the private investors of the world.

ON BEHALF OF THE BOARD

**Clem Chambers**  
**CEO**  
**22 October 2014**



## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 2014.

## 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.

## RESULTS

The loss for the financial year amounted to £454,000 (2013: loss of £539,000). The directors are unable to propose the payment of a dividend (2013: £nil).

## DIRECTORS

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

M J Hodges  
C H Chambers  
J B Mullins  
R J Negus (resigned 4 April 2014)  
M Collom (appointed 8 May 2014)  
R A Emmet (resigned 24 July 2014)  
Y Tauman

Michael Hodges and Matthew Collom 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.

### *Biographic details*

#### **Michael Hodges, aged 51, 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 50, 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, massively multiplayer games, multimedia and the internet. He is also 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 44, 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 37, 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.

#### **Yair Tauman, aged 56, Non-executive Director**

Mr. Tauman is a Leading Professor of economics at State University of New York, Stony Brook and the Director of the Center for Game Theory in Economics at Stony Brook. He is also the Academic Director of the Zell program and Dean of the Arison School of Business. Mr. Tauman is a co-founder and director of [Bidorbuy.com](http://Bidorbuy.com), Inc, Africa's largest online internet auction site and a director of Digi-Block, Inc, a manipulative-based supplemental mathematics program.

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

At 22 October 2014 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	18.26%
Peter O'Reilly	2,136,893	8.50%
FMR Corp. (Fidelity)	1,110,545	4.40%
Ron Izaki	812,669	3.22%

In August 2014 the shares of ADVFN Plc were consolidated on the basis of 25 Ordinary shares for 1 new Ordinary share. This consolidation is incorporated in the disclosure above.

**DONATIONS**

There were no charitable or political donations.

**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. Expenditure during the year amounted to £457,000 (2013: £499,000) including amounts of development expenditure that have 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. In light of the losses before tax incurred in both the current and the prior financial years the directors continue to look for opportunities to reduce the ongoing cost base of the business without risking its development. The directors have also prepared a detailed forecast of future trading and cash flows for the foreseeable future. At 30 June 2014 the Group's cash balances amounted to £1.7 million and the forecasts indicate that this balance will be maintained during the next financial year. Accordingly the directors have prepared these financial statements on the going concern basis.

**PAYMENT POLICY AND PRACTICE**

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Company trade creditors represented 67 days (2013: 73 days).

**FINANCIAL RISK MANAGEMENT**

Information relating to the group's financial risk management is detailed in note 22 to the financial statements.

**EVENTS AFTER THE BALANCE SHEET DATE**

At the company's General Meeting held on 20 August 2014, the resolution to approve the share consolidation of existing issued Ordinary shares of £0.01 each in the capital of the company shall be consolidated into Ordinary shares of £0.25 each, was duly passed. In addition, approval was also sought for the cancellation of the share premium account and the capitalisation of the share based payment account and the merger reserve.

**STRATEGIC REPORT**

Information in respect of the Business Review and Principle 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.

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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**  
**22 October 2014**

## REMUNERATION REPORT

## Directors' emoluments

	Salary & fees £'000	Benefits in kind £'000	Annual bonus £'000	2014 Total £'000	2014 Pension £'000	2013 Total £'000	2013 Pension £'000
<b>Executive directors</b>							
M J Hodges	256	3	10	269	27	248	24
C H Chambers	306	1	10	317	24	306	20
J B Mullins	220	1	10	231	-	197	-
R J Negus	131	-	-	131	-	175	-
M Collom	42	-	-	42	-	-	-
<b>Non-executive directors</b>							
R A Emmet	16	-	-	16	-	16	-
Yair Tauman	-	-	-	-	-	-	-
	971	5	30	1,006	51	942	44

## Remuneration policy for executive directors

The company's policy on executive director 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 are normally exercisable for a period of 7 years and lapse if an employee leaves.

## Service contracts

The executive directors have contracts with a thirty-six month notice period.

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 2013 and 30 June 2014 were as follows:

	30 June 2014 No of Shares	1 July 2013 No of Shares	30 June 2014 No of options	1 July 2013 No of options
M J Hodges	450,000	450,000	6,286,831	6,286,831
C H Chambers	7,614,073	7,614,073	10,286,831	10,286,831
J B Mullins	464,444	464,444	5,000,000	5,000,000
Y Tauman	-	-	-	-
M Collom	-	-	-	-

The details of the options held by each director at 30 June 2014 are as follows:

Grant date	Exercise date	Lapse date	M J Hodges	C H Chambers	J B Mullins	Total
10.06.02	10.06.11	10.06.18	1,000,000	4,000,000	500,000	5,500,000
18.02.03	10.06.11	10.06.18	1,000,000	1,000,000	1,000,000	3,000,000
27.01.04	31.12.13	31.12.22	1,000,000	1,500,000	1,000,000	3,500,000
27.01.05	31.12.13	31.12.22	1,000,000	1,500,000	1,000,000	3,500,000
06.09.06	31.12.13	31.12.22	1,500,000	1,500,000	1,500,000	4,500,000
21.10.09	31.12.13	31.12.22	786,831	786,831	-	1,573,662
			6,286,831	10,286,831	5,000,000	21,573,662

Matt Collom and Yair Tauman have no options.

#### **Independent auditor's report to the members of ADVFN plc**

We have audited the group financial statements of ADVFN plc for the year ended 30 June 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate.cfm](http://www.frc.org.uk/auditscopeukprivate.cfm)

#### **Opinion on financial statements**

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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

- 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.

#### **Other matter**

We have reported separately on the parent company financial statements of ADVFN plc for the year ended 30 June 2014.

Christian Heeger  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Gatwick  
22 October 2014



**Consolidated income statement**

		12 months to 30 June 2014 £'000	12 months to 30 June 2013 £'000
	Notes		
Revenue	3	9,702	8,077
Cost of sales		(1,165)	(339)
Gross profit		8,537	7,738
Share based payment	20	(54)	(93)
Amortisation of intangible assets	12	(914)	(917)
Other administrative expenses		(8,232)	(7,599)
Total administrative expenses		(9,200)	(8,609)
Operating loss	4	(663)	(871)
Finance income	7	108	95
Loss before tax		(555)	(776)
Taxation	8	101	242
Total loss after taxation for continuing operations		(454)	(534)
Total (loss)/profit after taxation from discontinued operations	25	-	(5)
<b>Loss for the period attributable to shareholders of the parent</b>		<b>(454)</b>	<b>(539)</b>
<b>Loss per share – basic and diluted based on consolidated shares</b>	9	<b>(1.80)p</b>	<b>(2.14)p</b>

**Consolidated statement of comprehensive income**

	12 months to 30 June 2014 £'000	12 months to 30 June 2013 £'000
Loss for the period	(454)	(539)
<b>Other comprehensive income:</b>		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(190)	69
Deferred tax on translation of foreign held assets	29	(6)
<b>Total other comprehensive income</b>	<b>(161)</b>	<b>63</b>
<b>Total comprehensive income for the year attributable to shareholders of the parent</b>	<b>(615)</b>	<b>(476)</b>

**Consolidated balance sheet**

		30 June 2014 £'000	30 June 2013 £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	71	61
Goodwill	11	724	806
Intangible assets	12	1,331	1,777
Trade and other receivables	15	295	485
		<u>2,421</u>	<u>3,129</u>
<b>Current assets</b>			
Trade and other receivables	15	1,122	925
Current tax recoverable		60	46
Cash and cash equivalents	17	1,675	1,461
		<u>2,857</u>	<u>2,432</u>
<b>Total assets</b>		<u>5,278</u>	<u>5,561</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	19	6,305	6,291
Share premium		8,102	8,062
Merger reserve		221	221
Share based payment reserve		617	563
Foreign exchange reserve		117	278
Retained earnings		(12,517)	(12,063)
		<u>2,845</u>	<u>3,352</u>
<b>Non-current liabilities</b>			
Deferred tax	14	134	249
		<u>134</u>	<u>249</u>
<b>Current liabilities</b>			
Trade and other payables	18	2,268	1,954
Current tax		31	6
		<u>2,299</u>	<u>1,960</u>
<b>Total liabilities</b>		<u>2,433</u>	<u>2,209</u>
<b>Total equity and liabilities</b>		<u>5,278</u>	<u>5,561</u>

The financial statements on pages 13 to 49 were authorised for issue by the Board of Directors on 22 October 2014 and were signed on its behalf by:

**Clem Chambers**  
CEO  
Company number: 2374988

The accompanying accounting policies and notes form an integral part of these financial statements.

**Consolidated statement of changes in equity**

	Share capital	Share premium	Merger reserve	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2012</b>	6,289	8,057	221	474	215	(11,528)	3,728
Issue of shares	2	5	-	-	-	-	7
Exercise of share options	-	-	-	(4)	-	4	-
Equity settled share options	-	-	-	93	-	-	93
<b>Transactions with owners</b>	2	5	-	89	-	4	100
Loss for the period after tax	-	-	-	-	-	(539)	(539)
<b>Other comprehensive income</b>							
Exchange differences on translation of foreign operations	-	-	-	-	69	-	69
Deferred tax on translation of foreign held assets	-	-	-	-	(6)	-	(6)
Total comprehensive income for the year	-	-	-	-	63	(539)	(476)
<b>At 30 June 2013</b>	6,291	8,062	221	563	278	(12,063)	3,352
Issue of shares	14	40	-	-	-	-	54
Equity settled share options	-	-	-	54	-	-	54
<b>Transactions with owners</b>	14	40	-	54	-	-	108
Loss for the period after tax	-	-	-	-	-	(454)	(454)
<b>Other comprehensive income</b>							
Exchange differences on translation of foreign operations	-	-	-	-	(190)	-	(190)
Deferred tax on translation of foreign held assets	-	-	-	-	29	-	29
Total comprehensive income for the year	-	-	-	-	(161)	(454)	(615)
<b>At 30 June 2014</b>	6,305	8,102	221	617	117	(12,517)	2,845

The accompanying accounting policies and notes form an integral part of these financial statements.

**Consolidated cash flow statement**

		12 months to 30 June 2014 £'000	12 months to 30 June 2013 £'000
	Notes		
<b>Cash flows from operating activities</b>			
Loss for the period before tax		(555)	(776)
Net finance income in the income statement (unwinding receivable)	7	(108)	(95)
Depreciation of property, plant & equipment	10	47	62
Amortisation	12	914	917
Adjustment to fair value of embedded derivative		250	300
Share based payments	20	54	93
(Increase)/decrease in trade and other receivables		(149)	149
Increase/(decrease) in trade and other payables		314	(199)
Net cash generated by continuing operations		767	451
Net cash used by discontinued operations	25	-	(5)
		767	446
Income tax (payable)/receivable		(3)	77
Net cash generated by operating activities		764	523
<b>Cash flows from investing activities</b>			
Payments for property plant and equipment	10	(57)	(40)
Purchase of intangibles	12	(495)	(499)
Net cash used by investing activities		(552)	(539)
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		-	7
Net cash generated by financing activities		-	7
Net increase /(decrease) in cash and cash equivalents		212	(9)
Exchange differences		2	30
Total increase in cash and cash equivalents		214	21
Cash and cash equivalents at the start of the period		1,461	1,440
Cash and cash equivalents at the end of the period	17	1,675	1,461

The accompanying accounting policies and notes form an integral part of these 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 Ltd. and Cupid Bay Ltd.

The Company is a public limited company which is quoted on the Alternative Investment Market 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 2374988.

### *Exemption from audit*

For the year ended 30 June 2014 ADVFN Plc has provided a guarantee in respect of all liabilities due by its subsidiary companies Cupid Bay Limited (Company No. 04001650) and Investor Events Limited (Company no 08213599) thus entitling them 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 financial statements are for the year ended 30 June 2014. 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 2014. The consolidated 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 companies Cupid Bay Limited and Investor Events Limited are 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 Directors have also prepared a detailed forecast of future trading and cash flows for the foreseeable future. At 30 June 2014 the Group's cash balances amounted to £1.7 million and the forecasts indicate that this balance will be broadly maintained and then increase in the 12 months post approval of these financial statements. Accordingly the directors have prepared these financial statements on the going concern basis.

### **Standards and amendments to existing standards adopted in these accounts**

The following standards, amendments and interpretations became effective and were applied for the first time this year:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 13 Fair Value Measurement	The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements.	1 January 2013
IFRS 7 Disclosures – offsetting financial assets and financial liabilities	The amendment introduces disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on entity's financial position.	1 January 2013
Improvements to IFRS (2009-2011 Cycle)	The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.	1 January 2013*

\*Not yet endorsed by the EU.

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.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 30 June 2014 financial statements**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective, and have not been adopted early by the Group.

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9 Financial Instruments (2009) and amendment	The standard will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components: classification and measurement, impairment and hedge accounting. The Group will apply the standard from 1 July 2018.	1 January 2018
IAS 27 Separate financial statements	The amendment contains accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.  The Group will apply the amendment from 1 July 2014.	1 January 2014
IAS 32 Offsetting financial assets and financial liabilities	The amendment seeks to clarify rather than change the off-setting requirements previously set out in IAS 32.  The Group will apply the amendment from 1 July 2014.	1 January 2014
IFRS 10 Consolidated Financial Statements	The new standard replaces the consolidation requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Group will apply the standard from 1 July 2014.	1 January 2014
IFRS 11 Joint Arrangements	The new standard requires that a party to a joint arrangement recognises its rights and obligations arising from the arrangements rather than focusing on the legal form. The Group will apply the standard from 1 July 2014.	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	The standard includes the disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.  The Group will apply the standard from 1 July 2014.	1 January 2014



**Summary of significant accounting policies (continued)****Consolidation**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. 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 products as principal and for 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.

**Summary of significant accounting policies (continued)****Discontinued operations**

The loss from discontinued operations (Equity Holdings Limited and its subsidiary Equity Developments Limited), comprises the post-tax loss of discontinued operations. It is presented as a single line entry after tax in the income statement.

**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.

**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.

**Summary of significant accounting policies (continued)****- 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

**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.

**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.

## Summary of significant accounting policies (continued)

### 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.

### 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.

#### *Merger reserve*

The merger reserve results from the shares issued on the acquisition of Equity Holdings Ltd.

#### *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.

### Summary of significant accounting policies (continued)

#### Sources of estimation uncertainty

- Determining whether goodwill and related intangible assets are impaired requires an estimation of the value in use of the cash generating unit to which the goodwill or intangible assets have 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.
- On acquisition of subsidiaries, the Group recognises intangible assets. This requires estimates to be made regarding the valuation methodology, expected useful life and discount rates to be applied. In addition, a number of estimates are used in calculating fair value and amortisation charges in respect of these assets. The carrying value of intangible assets acquired in acquisitions in prior periods is £356,000.
- The Group carries a receivable resulting from the disposal of Equity Holdings Ltd 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 must 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 Ltd which, as the company is a private limited entity and limited financial information is available to the directors, is difficult to estimate.

The intrinsic value of the embedded derivative is 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 will therefore always be negative, as Equity Holdings would only be expected to default when its company is worth less than the amounts due. At the year end the directors have valued the embedded derivative at -£550,000, representing the current estimate that the company is worth £650,000 before discounting. This is based on the limited financial information that is available. The maximum exposure therefore at the year end is a further £650,000, before discounting, fall in the fair value of the embedded derivative within the financial asset. The carrying value of the receivable after discounting is £242,000 (2013: £384,000).

### 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 research services. The provision of financial information is made via the Group's various website platforms. Research Services were discontinued in 2013 as a result of the disposal of Equity Holdings and its subsidiary Equity Developments.

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. Segment information can be analysed as follows for the reporting period under review:

2014	Provision of financial information £'000	Other £'000	Total £'000
Revenue from external customers	9,354	357	9,711
Depreciation and amortisation	(793)	-	(793)
Other operating expenses	(9,101)	(325)	(9,426)
Segment operating profit/(loss)	(540)	32	(508)
Interest income	108	-	108
Interest expense	-	-	-
Segment assets	7,169	245	7,414
Segment liabilities	(2,451)	(10)	(2,461)
Purchases of non-current assets	589	-	589



<b>2013</b>	Provision of financial information	Other	Total continuing operations	Research services (Disposal group) £'000	Total
	£'000	£'000	£'000	£'000	£'000
Revenue from external customers	7,835	252	8,087	16	8,103
Depreciation and amortisation	(804)	(3)	(807)	-	(807)
Other operating expenses	(7,754)	(182)	(7,936)	(21)	(7,957)
Segment operating (loss)/profit	(723)	67	(656)	(5)	(661)
Interest income	95	-	95	-	95
Interest expense	-	-	-	-	-
Segment assets	7,407	254	7,661	-	7,661
Segment liabilities	(2,080)	(57)	(2,137)	-	(2,137)
Purchases of non-current assets	(554)	-	(554)	-	(554)

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	Non-current assets	Revenue	Non-current assets
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
UK (domicile)	3,800	3,140	3,594	3,134
USA	5,039	1,225	3,639	1,409
Other	872	1	854	-
Discontinued operations	-	-	16	-
	<u>9,711</u>	<u>4,366</u>	<u>8,103</u>	<u>4,543</u>

Revenues are allocated to the country in which the customer resides. During both 2014 and 2013 no single customer accounted for more than 10% of the Group's total revenues.

The segmental information regularly reviewed by the Board is presented under UK GAAP and, as a result, a key reconciling item between the segmental and the Group financial information relates to IFRS conversion.

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	2014 £'000	2013 £'000
Revenue		
Total segment revenue	9,711	8,103
Consolidation adjustment	(9)	(10)
Group revenue	<u>9,702</u>	<u>8,093</u>
Disposal group revenue	-	(16)
Group revenue net of discontinued operations	<u>9,702</u>	<u>8,077</u>
<b>Segment profit or loss</b>		
Total segment operating (loss)	(508)	(661)
Consolidation adjustments	(393)	(396)
IFRS conversion adjustments	<u>238</u>	<u>186</u>
Group operating loss	<u>(663)</u>	<u>(871)</u>
Finance income	108	95
Group loss before tax	<u>(555)</u>	<u>(776)</u>

	2014 £'000	2013 £'000
<b>Segment assets</b>		
Total segment assets	7,414	7,661
Consolidation adjustments	(2,933)	(2,669)
IFRS conversion adjustments	797	569
Total Group assets	<u>5,278</u>	<u>5,561</u>
<b>Segment liabilities</b>		
Total segment liabilities	(2,461)	(2,137)
Consolidation adjustments	(895)	(848)
IFRS conversion adjustments	923	665
Total Group liabilities	<u>(2,433)</u>	<u>(2,320)</u>

Consolidation adjustments primarily relate to the elimination of investments and the calculation of goodwill. IFRS conversion adjustments primarily relate to the different accounting bases for the Group's intangible and tangible assets under IFRS and UK GAAP. Significant items adjusting for both consolidation and IFRS conversion items were amortisation of intangible assets and depreciation of property plant and equipment.

#### 4. Operating loss

	2014 £'000	2013 £'000
Operating loss has been arrived at after charging:		
Foreign exchange loss	42	27
Depreciation and amortisation:		
Depreciation of property plant and equipment:		
Owned	47	62
Amortisation of intangible assets	914	917
Fair value of embedded derivative	250	300
Employee costs (Note 6)	3,163	3,210
Lease payments on land and buildings held under operating leases	154	147
Expenditure on Research and Development	457	499
Audit and non-audit services:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	24	23
Fees payable to the Company's auditor and its associates for other services:		
For the audit of the company's subsidiaries pursuant to legislation	17	17
Other services pursuant to legislation	4	3
All other services	4	4
For tax services	<u>13</u>	<u>12</u>

**5. Remuneration of key senior management**

Key senior management comprises only directors.

	2014 £'000	2013 £'000
Short term employee benefits	1,006	942
Share based payments	54	93
Post employment benefits - defined contribution pension plans	51	44
	<u>1,111</u>	<u>1,079</u>

Details of the directors' emoluments, together with other related information, are set out on pages 10 and 11.

**6. Employees**

	2014 £'000	2013 £'000
Employee costs (including directors):		
Wages and salaries	2,794	2,759
Social security costs	246	314
Pension costs	69	44
Share based payments	54	93
	<u>3,163</u>	<u>3,210</u>

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

	2014	2013
Development	11	9
Sales and Administration	32	28
	<u>43</u>	<u>37</u>

**7. Finance income**

	2014 £'000	2013 £'000
Unwinding of discount on receivable for disposal group	108	95
	<u>108</u>	<u>95</u>

## 8. Income tax expense

	2014 £'000	2013 £'000
<b>Current Tax:</b>		
UK corporation tax on profits for the year	(15)	2
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current taxation	(15)	2
Deferred tax	(86)	(244)
	<hr/>	<hr/>
Taxation	<u>(101)</u>	<u>(242)</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:

	2014 £'000	2013 £'000
Loss before tax	(555)	(776)
Loss before tax multiplied by the respective standard rate of corporation tax applicable in the UK (22.5%) (2013: 23.75%)	(125)	(185)
Effects of:		
Non-deductible expenses	374	502
Enhanced Research & Development expenditure	(127)	(264)
Surrender of tax losses for R & D tax credit	44	22
Effect of overseas tax rates	40	-
Tax deduction for share options exercised	-	(1)
Movements in unrecognised deferred tax	(307)	(316)
	<hr/>	<hr/>
<b>Tax credit for the year</b>	<u>(101)</u>	<u>(242)</u>

**9. Loss per share**

	12 months to 30 June 2014 £'000	12 months to 30 June 2013 £'000 Re-stated
(Loss) for the year from continuing operations attributable to equity shareholders	(454)	(534)
(Loss)/profit for the year from discontinued operations	-	(5)
Total (loss) for the year	(454)	(539)
Total (loss) per share— basic and diluted - following share consolidation	(1.80)p	(2.14)p
Loss per share based on pre-consolidation shares in issue	(0.07)p	(0.09)p
Weighted average number of shares in issue for the year - consolidated	25,219,905	25,163,136
Dilutive effect of options	-	-
Weighted average shares for diluted earnings per share - consolidated	25,219,905	25,163,136

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.

**Share consolidation**

At the company's General Meeting held on 20 August 2014, the resolution to approve the share consolidation of existing issued Ordinary shares of £0.01 each in the capital of the company shall be consolidated into Ordinary shares of £0.25 each, was duly passed. The number of post consolidation Ordinary shares is disclosed above.

**10. Property, plant and equipment**

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2012	37	1,132	103	1,272
Additions	-	40	-	40
At 30 June 2013	37	1,172	103	1,312
Additions	-	57	-	57
At 30 June 2014	37	1,229	103	1,369
<b>Depreciation</b>				
At 30 June 2012	37	1,049	103	1,189
Charge for the year	-	62	-	62
At 30 June 2013	37	1,111	103	1,251
Charge for the year	-	47	-	47
At 30 June 2014	37	1,158	103	1,298
<b>Net book value</b>				
At 30 June 2014	-	71	-	71
At 30 June 2013	-	61	-	61

## 11. Goodwill

	£'000	
1 July 2013	806	
Exchange differences	(82)	
	<u>724</u>	
At 30 June 2014		<u>724</u>

The goodwill carried in the balance sheet is attributable to the following:

	2014	2013
	£'000	£'000
InvestorsHub.com Inc	<u>724</u>	<u>806</u>

*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 two years ending 30 June 2016 extended to 30 June 2019 without growth in the extended period.

A discount rate of 10% has been calculated for this exercise. The key assumptions utilised within the forecast model relates to the level of future sales, which have been estimated based upon the directors expectations, current trading and recent actual trading performance. The closing exchange rate of \$1.70276/£ has been used. The value in use calculations indicate that InvestorsHub.com Inc. has a recoverable amount which is £3,860,000 greater than the carrying amount of the assets allocated to them. The value of forecast revenues would have to fall by 71% 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.

*Impairment testing – All Ipo plc.*

The assets of All Ipo plc were tested as it was loss making for the year. The recoverable amount for the CGU was determined using a value in use calculation based upon management forecasts for the trading results for the two years ending 30 June 2016 extended to 30 June 2019 without growth in the extended period. A discount rate of 10% has been used and the key assumptions utilised within both forecast models relate to the level of future sales, which have been estimated based upon the directors expectations, current trading and recent actual trading performance.

The value in use calculation indicates that the CGU has a recoverable amount which is £1,822,000 greater than the carrying amount of the assets allocated to it. The value of forecast revenues would have to fall by 90% 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 prospects for All Ipo plc are improving and the forecasts used to calculate the value in use are very prudent. The company is a fully accredited brokerage and its assets include trading platform software developed by the company.



**12. Other intangible assets**

	<b>Licences</b>	<b>Brands &amp; subscriber lists</b>	<b>Website development costs</b>	<b>Mobile application</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 July 2012	1,462	2,261	6,733	5	10,461
Exchange differences	-	16	-	-	16
Additions	-	-	494	5	499
At 30 June 2013	1,462	2,277	7,227	10	10,976
Exchange differences	-	(81)	-	-	(81)
Additions	-	-	549	-	549
At 30 June 2014	1,462	2,196	7,776	10	11,444
<b>Amortisation</b>					
At 30 June 2012	1,395	1,231	5,656	-	8,282
Charge for the year	32	271	612	2	917
At 30 June 2013	1,427	1,502	6,268	2	9,199
Charge for the year	32	275	606	1	914
At 30 June 2014	1,459	1,777	6,874	3	10,113
<b>Net book value</b>					
<b>At 30 June 2014</b>	3	419	902	7	1,331
At 30 June 2013	35	775	959	8	1,777

*Impairment testing*

Intangible assets are allocated to the All IPO Plc and the InvestorsHub.com Inc CGUs and have been subjected to an impairment review as described in note 11. A similar review was conducted over the assets of ADVFN plc. which is deemed to be a separate CGU. No impairment was identified by the Group across any of its CGUs.

*Purchase of the Manila website*

Within additions to website development costs is the cost of the purchase of the website of Finance Manila, a company based in the Philippines, for a combination of £38,000 cash and 1,391,060 shares valued at £54,000. Total consideration amounted to £92,000. This has been treated as the purchase of an asset and therefore not within the scope of IFRS 3 'Business combinations'.

**13. Subsidiary companies consolidated in these accounts**

	<b>Country of incorporation</b>	<b>% interest in ordinary shares at 30 June 2014</b>	<b>Principal activity</b>
Cupid Bay Limited	England & Wales	100.00%	Internet dating web site
Fotothing Limited	England & Wales	100.00%	Dormant
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
ALL IPO Plc	England & Wales	100.00%	IPO information web site
ADVFN Japan LLP	Japan	100.00%	Financial information web site
Investor Events Limited	England & Wales	100.00%	Financial events organising

The subsidiary companies Cupid Bay Limited and Investor Events Limited are exempt from an audit under s479A of the Companies Act 2006.

**14. Deferred income 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 2012	(407)	(211)	(80)	211	(487)
Credit/(charge) to profit or loss	228	(10)	16	10	244
Charge to other comprehensive income	(6)	-	-	-	(6)
At 30 June 2013	(185)	(221)	(64)	221	(249)
Credit/(charge) to profit or loss	82	41	4	(41)	86
Charge to other comprehensive income	29	-	-	-	29
At 30 June 2014	(74)	(180)	(60)	180	(134)

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 £4,000 in All Ipo plc and £127,000 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:

	2014 £'000	2013 £'000
Deferred tax liabilities	(131)	(249)
Deferred tax assets	-	-
	(131)	(249)

At the balance sheet date the Group had unused tax losses of £5,508,000 (2013: £5,197,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £900,000 (2013: £959,000) 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 £4,608,000 (2013: £4,238,000) due to the unpredictability of future profit streams. Substantially all of the losses may be carried forward indefinitely.

**15. Trade and other receivables**

	2014 £'000	2013 £'000
<b>Non-current assets</b>		
Other receivables	295	485
<b>Current assets</b>		
Trade receivables	784	622
Prepayments and accrued income	267	303
Other receivables	71	-
	1,122	925

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

**16. Credit quality of financial assets**

As of 30 June 2014, trade receivables of £66,000 (2013: £106,000) 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:

	2014 £'000	2013 £'000
<b>Trade receivables overdue by:</b>		
Not more than 3 months	15	59
More than 3 months but not more than 6 months	35	24
More than 6 months but not more than 1 year	16	23
	<u>66</u>	<u>106</u>

**Impaired receivables allowance account**

	2014 £'000	2013 £'000
At 1 July	12	29
Released during the year	(5)	-
Utilised during the year	(35)	(33)
Created during the year	57	16
<b>At 30 June</b>	<u>29</u>	<u>12</u>

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

	2014 £'000	2013 £'000
Sterling	344	759
Euro	31	20
US dollar	406	323
Japanese yen	3	5
Other	-	-
	<u>784</u>	<u>1,107</u>

**17. Financial instruments**

<i>Categories of financial instrument</i>	2014 £'000	2013 £'000
<b>Non-current</b>		
Trade and other receivables - loans and receivables	<u>295</u>	<u>485</u>
<b>Current</b>		
Trade and other receivables - loans and receivables	855	622
Trade and other receivables – non-financial assets	267	303
	<u>1,122</u>	<u>925</u>
Cash and cash equivalents- loans and receivables	<u>1,675</u>	<u>1,461</u>
Total loans and receivables	<u>2,825</u>	<u>2,568</u>
Trade and other payables – other financial liabilities at amortised cost	1,533	1,194
Trade and other payables – non financial liabilities	735	760
	<u>2,268</u>	<u>1,954</u>
Derivative financial instruments – carried at fair value through profit or loss	<u>(550)</u>	<u>(300)</u>

**18. Trade and other payables**

	2014 £'000	2013 £'000
Trade payables	1,195	1,001
Social security and other taxes	190	140
Accrued expenses and deferred income	883	813
	<u>2,268</u>	<u>1,954</u>

**19. Share capital**

	Shares	£'000
Authorised share capital		
Ordinary shares of £0.01 each		
1 July 2012, 30 June 2013 and 30 June 2014	1,000,000,000	10,000
Issued, called up and fully paid Ordinary shares of £0.01 each		
At 1 July 2012	628,864,004	6,289
21 Aug 2012      Option exercise	250,000	2
At 30 June 2013	629,114,004	6,291
2 July 2013      Purchase of Manila web site	1,391,060	14
1 July 2013      Share issue	180	-
At 30 June 2014	<u>630,505,244</u>	<u>6,305</u>
After the consolidation of shares at 1 new share for every 25 old shares.	<u>25,220,210</u>	<u>6,305</u>
Par value for the new ordinary shares £0.25 each		

**Share consolidation – post balance sheet event**

At the company's General Meeting held on 20 August 2014, the resolution to approve the share consolidation of existing issued Ordinary shares of £0.01 each in the capital of the company shall be consolidated into Ordinary shares of £0.25 each, was duly passed. The number of post consolidation Ordinary shares is disclosed above.

**Share price**

The market value of the shares at 30 June 2014 was 71.34p calculated at the post consolidation rate which is equivalent to 2.85p pre-consolidation (2013: 3.85p). The range during the year was 64.38p to 93.75p which are equivalent to 2.58p and 3.75p pre-consolidation (2013: 5.50p to 3.85p).

## 20. Share based payments

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:

	2014 WAEP		2013 WAEP	
	Number	Price (pence)	Number	Price (pence)
Outstanding at the beginning of the year	27,632,495	3.24	27,982,495	3.24
Granted during the year	-	-	-	-
Exercised during the year	-	-	(250,000)	2.80
Expired during the year	(901,000)	3.01	(100,000)	4.60
Outstanding at the year end	26,731,495	3.23	27,632,495	3.24
Exercisable at the year end	26,731,495	3.23	9,865,500	1.75

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

Expiry date	Exercise Price (p)	2014		2013	
		Share options	Remaining life	Share options	Remaining life
<b>10 year expiry</b>					
31 December 2022	4.750	4,500,000	9	4,500,000	10
31 December 2022	4.600	5,733,333	9	5,733,333	10
31 December 2022	3.300	6,000,000	9	6,000,000	10
31 December 2022	3.056	1,573,662	9	1,573,662	10
<b>7 year expiry</b>					
6 September 2013	3.300	-	-	550,000	1
10 April 2014	2.550	-	-	351,000	1
11 December 2014	2.250	303,000	1	303,000	2
10 June 2018	1.750	5,500,000	4	5,500,000	5
10 June 2018	1.250	3,000,000	4	3,000,000	5
<b>5 year expiry</b>					
21 October 2014	3.056	<u>121,500</u>	-	<u>121,500</u>	1
		26,731,495	7	27,632,495	8

No options were exercised during the year.

The total expense recognised during the year by the Group, for all schemes, was £54,000 (2013: £93,000).

## 21. Operating lease commitments

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

Land & buildings	2014 £'000	2013 £'000
Within one year	129	153
Two to five years	15	123
	<u>144</u>	<u>276</u>

## 22. Financial risk management

The Group'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. The Group's overall risk management programme 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.

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

	2014		2013	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
US Dollars	859	79	1,358	305
Euros	61	-	202	-
Yen	39	46	22	14
Other	-	-	-	-
	<u>959</u>	<u>125</u>	<u>1,582</u>	<u>319</u>

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  $\pm£6,000$  (2013:  $\pm£30,000$ ).

#### *Interest rate risk*

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

#### *Embedded derivative*

The Group carries a receivable resulting from the disposal of Equity Holdings Ltd 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 is obliged to 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.

**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 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:

	2014 £'000	2013 £'000
Financial liabilities		
Derivative financial liabilities (fair value through profit or loss)	Level 3	Level 3
At 1 July	300	-
Movement in the year	250	300
At 30 June	550	300

The directors consider that, should they be obliged to take the shares of the company in returned shares, it is unlikely that it will be worth the full value of the outstanding receivable. As a result the fair value of the option has been further reduced from negative £300,000 to negative £550,000. There is significant practical difficulty in obtaining a fair valuation for the shares in Equity Holdings and Equity Developments as their share price is not quoted. Valuation is provided by the directors based on their knowledge of the company and market conditions. The exposure amounts to the value of the undiscounted receivable which is £1.2 million.

**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 of £2,825,000 (2013: £2,568,000).

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. No trade or other receivables have been impaired.

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.

**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:

2014	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	1,195	-	-	-
Accruals	148	-	-	-
Other	190	-	-	-
2013	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	999	-	-	-
Accruals	193	-	-	-
Other	140	-	-	-

**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 £14,407,000 (see page 15).

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.

**23. Capital commitments**

At 30 June 2014 the Group had no capital commitments (2013: £nil).

**24. Related party transactions**

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 holds approximately 18.26% of the shares in the company. Advertising recharges were paid to On-Line plc amounting to £78,000 (2013: £91,000). 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 (2013: £23,000). Mr Robert Emmet, a director of All IPO plc, received payments totalling £40,000 (2013: £40,000) for consultancy services provided during the year. In addition he has loan in the form of a commission advance amounting to £10,000 (2013: £10,000).

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

**25. Disposal of Equity Holdings Ltd and Equity Developments Ltd**

On 4th July 2012 an agreement was reached between ADVFN Plc and Bashco Ltd whereby Bashco Ltd acquired Equity Holdings Ltd 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.

Consideration is payable in cash amounting to GBP 200,000 due in equal instalments on the 2nd, 3rd, 4th and 5th anniversaries of the completion of the agreement, which is 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 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 shares comprising 99.5% of the issued share capital of Equity Developments. Equity Holdings will retain the remaining shareholding of 0.05%.

During the year the directors decided that there was continuing uncertainty over the receipt of the payments from Bashco Limited, the acquirer of Equity Holdings Ltd and its subsidiary Equity Developments Ltd. The directors have extended the period within which the first payment can be made to the end of January 2015. The directors have therefore decided that it is appropriate further to write down the value of the option. For further details please refer to the Market Risk section of note 22 above.

**26. Events after the balance sheet date**

At the company's General Meeting held on 20 August 2014, the resolution to approve the share consolidation of existing issued Ordinary shares of £0.01 each in the capital of the company shall be consolidated into Ordinary shares of £0.25 each, was duly passed. In addition, approval was also sought for the cancellation of the share premium account and the capitalisation of the share based payment account and the merger reserve.



## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the parent financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the parent company 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 parent company 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 UK Accounting Standards 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 parent 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 parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Independent auditor's report to the members of ADVFN plc**

We have audited the parent company financial statements of ADVFN plc for the year ended 30 June 2014 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 39, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate.cfm](http://www.frc.org.uk/auditscopeukprivate.cfm).

### **Opinion on financial statements**

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

### **Other matter**

We have reported separately on the group financial statements of ADVFN plc for the year ended 30 June 2014.

Christian Heeger  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Gatwick  
**22 October 2014**

**COMPANY BALANCE SHEET**

	<b>Note</b>	<b>At 30 June 2014 £'000</b>	<b>At 30 June 2013 £'000</b>
<b>Fixed assets</b>			
Tangible assets	4	705	692
Intangible assets	5	70	80
Investments	6	2,261	2,261
		<u>3,036</u>	<u>3,033</u>
<b>Current assets</b>			
Debtors	7	1,501	1,461
Cash at bank and in hand		1,270	1,106
		<u>2,771</u>	<u>2,567</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,296)</u>	<u>(1,844)</u>
<b>Net current assets</b>		<u>475</u>	<u>723</u>
<b>Total assets less current liabilities</b>		<u>3,511</u>	<u>3,756</u>
<b>Net assets</b>		<u>3,511</u>	<u>3,756</u>
<b>Capital and reserves</b>			
Called up share capital	9	6,305	6,291
Share premium account	10	8,102	8,062
Share based payment reserve	10	612	558
Merger reserve	10	221	221
Profit and loss account	10	(11,729)	(11,376)
<b>Shareholders' funds</b>	11	<u>3,511</u>	<u>3,756</u>

The financial statements on pages 41 to 49 were authorised for issue by the Board of Directors on 22 October 2014 and were signed on its behalf:

**Clem Chambers**  
**CEO**

The accompanying accounting policies and notes form an integral part of these financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Accounting convention

The parent company financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice using the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates in accordance with FRS 18.

The company has taken advantage of the exemption under FRS 8 and has not disclosed transactions with its wholly owned subsidiaries.

Under Financial Reporting Standard No 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. No depreciation is charged during the period of construction. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

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
Mobile application	20% per annum over 5 years
Website development costs	see below

#### *License agreements*

Licenses to use software are capitalised on the balance sheet at cost and subsequently amortised over the life of the license agreement, which is normally 10 years.

Subsequent to initial recognition, license agreements are reported at cost less accumulated amortisation and accumulated impairment losses.

#### *Website development costs*

Website development costs represent the design and content cost associated with the development of financial software. They are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least equal to the amount capitalised. They are recorded in the balance sheet in the year in which they are incurred, in accordance with FRS 15 'Tangible fixed assets' and UITF 29 'Website development costs'. Such costs are amortised over their useful economic life of two, three or five years as appropriate.

#### *Deferred taxation*

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

*Investments*

Fixed asset investments are included at cost less amounts written off.

*Leased assets*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

*Defined contribution pension costs*

Pension costs are charged in the year in which they are incurred.

*Foreign currencies*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

*Financial instruments**Classification as equity or financial liability*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

*Share based payments*

The Company recognises a charge to the profit and loss account for all applicable share based payments, including share options. The Company has equity-settled share based payments but no cash-settled share based payments. All share based payments awards granted after 7 November 2002 which had not vested prior to 1 July 2006 are recognised in the financial statements at their fair value at the date of grant.

As vesting periods and non-market based vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. All equity-settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the option valuation reserve.

Where modifications are made to the vesting or lapse dates of options any additional fair value created by the modification is expensed over the remaining vesting period.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 2. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the profit and loss account 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 loss of £353,000 (2013: loss of £227,000). The auditor's remuneration for the statutory audit was £24,000 (2013: £23,000). Under Financial Reporting Standard No 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

## 3. STAFF COSTS

Employee costs including directors:

	Year to 30 June 2014 £'000	Year to 30 June 2013 £'000
Wages and salaries	2,125	2,151
Social security costs	222	227
Pension	51	44
Share based payments	54	93
	<u>2,452</u>	<u>2,515</u>

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

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

	Year to 30 June 2014	Year to 30 June 2013
Development	8	9
Sales and Administration	26	25
	<u>34</u>	<u>34</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS

4. TANGIBLE FIXED ASSETS

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Mobile application £'000	Website development costs £'000	Total £'000
<b>Cost</b>						
At 1 July 2012	48	1,110	106	5	5,656	6,925
Additions	-	38	-	5	388	431
At 30 June 2013	48	1,148	106	10	6,044	7,356
Additions	-	49	-	-	473	522
At 30 June 2014	48	1,197	106	10	6,517	7,878
<b>Depreciation</b>						
At 1 July 2012	48	1,032	106	-	4,952	6,138
Charge for the year	-	60	-	2	464	526
At 30 June 2013	48	1,092	106	2	5,416	6,664
Charge for the year	-	51	-	2	456	509
At 30 June 2014	48	1,143	106	4	5,872	7,173
<b>Net book value</b>						
At 30 June 2014	-	54	-	6	645	705
At 30 June 2013	-	56	-	8	628	692

5. INTANGIBLE FIXED ASSETS

	Licenses £'000
<b>Cost</b>	
At 1 July 2012, 30 June 2013 and 30 June 2014	100
<b>Amortisation</b>	
At 1 July 2012	10
Charge for the year	10
At 30 June 2013	20
Charge for the year	10
At 30 June 2014	30
<b>Net book value</b>	
At 30 June 2014	70
At 30 June 2013	80

NOTES TO THE COMPANY FINANCIAL STATEMENTS

6. INVESTMENT IN SUBSIDIARIES

	Subsidiaries £'000
At 1 July 2013	2,261
Additions	-
30 June 2014	<u>2,261</u>

Included within investment in subsidiaries at the balance sheet date are the following companies:

	Country of incorporation	% interest in ordinary shares at 30 June 2013	Activity
Cupid Bay Limited	England & Wales	100.00%	Internet dating website
Fotothing limited	England & Wales	100.00%	Dormant
InvestorsHub.com Limited	USA	100.00%	Financial information website
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
ALL IPO Plc	England & Wales	100.00%	IPO information web site
Investor Events Limited	England & Wales	100.00%	Financial event organiser
Writer Pub Limited	England & Wales	100.00%	Dormant

7. DEBTORS

	2014 £'000	2013 £'000
<b>Over one year</b>		
Other debtors	103	101
Disposal receivable	192	383
	<u>295</u>	<u>484</u>
<b>Within one year</b>		
Trade debtors	420	291
Recoverable corporation tax	50	14
Disposal receivable	50	-
Prepayments and accrued income	224	253
Amounts owed by Group undertakings	462	419
	<u>1,206</u>	<u>977</u>
Total debtors	<u>1,501</u>	<u>1,461</u>



NOTES TO THE COMPANY FINANCIAL STATEMENTS

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 June 2014 £'000	At 30 June 2013 £'000
Trade creditors	1,125	927
Other tax and social security	172	143
Accruals and deferred income	859	773
Amounts owed to Group undertakings	140	1
	<u>2,296</u>	<u>1,844</u>

9. SHARE CAPITAL

	Shares	£'000
Authorised share capital		
Ordinary shares of £0.01 each		
1 July 2012, 30 June 2013 and 30 June 2014	1,000,000,000	10,000
Issued, called up and fully paid Ordinary shares of £0.01 each		
At 1 July 2012	628,864,004	6,289
21 Aug 2012      Option exercise	<u>250,000</u>	<u>2</u>
At 30 June 2013	629,114,004	6,291
2 July 2013      Acquisition of Manila web site	1,391,060	14
1 July 2013      Share issue	<u>180</u>	<u>-</u>
At 30 June 2014	<u>630,505,244</u>	<u>6,305</u>
After the consolidation of shares at 1 new share for every 25 old shares. Par value for the new ordinary shares £0.25 each	<u>25,220,210</u>	<u>6,305</u>

**Share consolidation**

At the company's General Meeting held on 20 August 2014, the resolution to approve the share consolidation of existing issued Ordinary shares of £0.01 each in the capital of the company shall be consolidated into Ordinary shares of £0.25 each, was duly passed. The number of post consolidation Ordinary shares is disclosed above.

**Share price**

The market value of the shares at 30 June 2014 was 71.34p calculated at the post consolidation rate which is equivalent to 2.85p pre-consolidation (2013: 3.85p). The range during the year was 64.38p to 93.75p which are equivalent to 2.58p and 3.75p pre-consolidation (2013: 5.50p to 3.85p).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

10. RESERVES

	Share premium account £'000	Merger reserve £'000	Share based payment reserve £'000	Profit and loss account £'000
<b>At 1 July 2012</b>	8,057	221	469	(11,153)
Share option charge	-	-	93	-
Option exercises	-	-	(4)	4
Loss for the year	-	-	-	(227)
Share issues	5	-	-	-
<b>At 30 June 2013</b>	8,062	221	558	(11,376)
Share option charge	-	-	54	-
Loss for the year	-	-	-	(353)
Share issues	40	-	-	-
<b>At 30 June 2014</b>	8,102	221	612	(11,729)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Loss for the financial year	(353)	(227)
Issue of shares	54	7
Share option charge	54	93
Net decrease in shareholders' funds	(245)	(127)
Shareholders' funds at 1 July brought forward	3,756	3,883
<b>Shareholders' funds at 30 June</b>	3,511	3,756

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 12. RELATED PARTY TRANSACTIONS

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 holds approximately 18.26% of the shares in the company. Advertising recharges were paid to On-Line plc amounting to £78,000 (2013: £91,000). 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 (2013: £23,000). Mr Robert Emmet, a director of All IPO plc, received payments totalling £40,000 (2013: £40,000) for consultancy services provided during the year. In addition he has loan in the form of a commission advance amounting to £10,000 (2013: £10,000).

The remuneration paid to directors is disclosed on page 10 of the Director's Report.

### 13. CAPITAL COMMITMENTS

The company had no capital commitments at 30 June 2014 or 30 June 2013.

### 14. SHARE BASED PAYMENTS

The ADVFN Plc equity settled share based payment scheme is fully disclosed in note 20 to the Group consolidated accounts above.

### 15. OPERATING LEASE COMMITMENTS

At 30 June 2014 the Company had annual commitments under non-cancellable operating leases expiring as follows:

Land & buildings	2014 £'000	2013 £'000
Within one year	21	20
Two to five years	108	134
	<u>129</u>	<u>154</u>

### 16. POST BALANCE SHEET EVENTS

Please refer to the group accounts note 26.

### 17. 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](http://www.companieshouse.gov.uk)

and from the ADVFN plc website:

[www.ADVFN.com](http://www.ADVFN.com)

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held in the Conference Room, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA on Thursday 11<sup>th</sup> December 2014 at 10:30 a.m. for the following purposes:

### Ordinary Business

1 To receive and adopt the financial statements and reports of the directors and auditors for the financial period ended 30 June 2014.

2 To re-elect Mr M. Hodges as a director of the Company, who will retire by rotation in accordance with the Company's Articles of Association and offers himself for re-election.

3 To re-elect Mr M. Collom as a director of the Company, who will retire by rotation in accordance with the Company's Articles of Association and offers himself for re-election.

4 To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorise the directors to fix their remuneration.

### Special Business

5 To consider, and if thought fit, to pass the following as an ordinary resolution:- That the directors of the Company (the "**Directors**") be and are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £ 2,963,462 provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to Section 80 of the Companies Act 1985.

6 To consider, and if thought fit, to pass the following as special resolutions:- That, conditional on the passing of resolution 5 above, the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to Section 95 of the Companies Act 1985 and shall be limited to:

(a) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (or as nearly as may be) to their existing holdings of ordinary shares in the Company subject to the Directors having a right to make such exclusions or other arrangements in connection with such offering as they may deem necessary or expedient:-

(i) to deal with equity securities representing fractional entitlements; and

(ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(b) other allotments (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal amount equal to £ 2,963,462

and such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

### *Registered Office:*

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

By order of the Board

**J Mullins**  
CFO

22<sup>nd</sup> October 2014

## ADVFN PLC

### NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company. Please refer to the notes to the Form of Proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).
2. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. If you wish to appoint a proxy other than the Chairman of the meeting, cross out the words "the Chairman of the meeting" on the Form of Proxy and write the full name and address of your proxy on the dotted line. The change should be initialled.
3. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to resolutions) which may properly come before the meeting.
4. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
5. To be effective, the enclosed Form of Proxy must be duly completed and deposited together with any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority) and lodged at the offices of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA no later than 10 a.m. on 9<sup>th</sup> December 2014. Please note that the pre-paid address printed on the reverse of the Form of Proxy is only for use if you are posting from within the United Kingdom.
6. Completion and return of the Form of Proxy will not preclude a shareholder from attending and voting in person at the meeting.
7. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company at 6 p.m. UK time on 9<sup>th</sup> December 2014 shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, 6 p.m. on the day two days prior to the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.

## ADVFN PLC

### EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING ("AGM") OF ADVFN PLC (THE "COMPANY")

At the AGM, resolutions will be proposed as explained below.

#### *Resolution 1 – Receiving the accounts*

An ordinary resolution will be proposed that the report of the directors and the accounts for the year ended 30 June 2014 together with the report of the auditors on those accounts be received and adopted.

#### *Resolution 2 – Re-election of Mr M. Hodges as a director of the Company*

An ordinary resolution will be proposed to re-elect Mr M. Hodges, who is retiring and, being eligible, offers himself for re-election as a director of the Company.

#### *Resolution 3 – Re-election of Mr M. Collom as a director of the Company*

An ordinary resolution will be proposed to re-elect Mr M. Collom, who is retiring and, being eligible, offers himself for re-election as a director of the Company.

#### *Resolution 4 – Re-appointment of auditors*

An ordinary resolution will be proposed that Grant Thornton UK LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and that their remuneration be fixed by the directors of the Company (the "**Directors**") from time to time.

### Special Business

#### *Resolution 5 – Authority to allot relevant securities*

An ordinary resolution will be proposed giving the Directors authority pursuant to section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a maximum aggregate nominal amount of £ 2,963,462 to such persons at such times and upon such terms and conditions as the Directors may determine (subject always to the articles of association of the Company).

Such authority will, unless renewed, varied or revoked, expire at the conclusion of the Annual General Meeting of the Company to be held in 2015.

#### *Resolution 6 – Authority to disapply pre-emption rights*

Subject to the passing of resolution 5, a special resolution will be proposed to empower the Directors to allot equity securities pursuant to the authority conferred by resolution 5 as if the pre-emption rights set out in section 561(1) of the 2006 Act did not apply, in respect of the following matters:

(a) the allotment of equity securities in connection with an offer of such securities by way of a rights issue or other issues pro rata to existing entitlements to holders of relevant equity securities in proportion (as nearly as may be) to the respective amounts of equity securities held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or legal or practical difficulties under the laws of any territory or the requirements of any regulatory body, stock exchange or other authority in any jurisdiction; and (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £ 2,963,462.

Such authority will, unless renewed, varied or revoked, expire at the conclusion of the Annual General Meeting of the Company to be held in 2015.

## ADVFN PLC

### FORM OF PROXY

To:

The Directors

**ADVFN PLC** (the Company)

c/o Neville Registrars Limited

Neville House

18 Lauroi Lane

West Midlands

B63 3DA

Dear Sirs

I/We.....  
of.....  
being a member of the Company hereby appoint.....  
of.....

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 12<sup>th</sup> December 2014 at 10 a.m. and at any adjournment thereof.

I/we direct that my/our proxy vote as indicated below in respect of the resolutions, which are referred to in the notice convening the meeting (see note 1 below).

#### Resolutions For Against Ordinary Resolutions:

1. To adopt the Report and Accounts for the year ended 30 June 2014
2. To re-elect Mr M. Hodges as a director of the Company
- 3 To re-elect Mr M. Collom as a director of the Company
4. To re-appoint Grant Thornton UK LLP as the Company's auditors

**For**      **Against**      **Withhold**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Special Business

5. To authorise the directors to allot shares or grant rights pursuant to section 551 of the Companies Act 2006 (the "**2006 Act**")
6. To authorise the Directors to allot equity securities pursuant to the authority conferred by resolution 5 as if the pre-emption rights set out in section 561(1) of the 2006.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date..... Signature.....

Notes :

1. Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If no indication is given your proxy will vote or abstain from voting at his discretion.

2. A member entitled to attend and vote is entitled to appoint a proxy to exercise all or any rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must arrive at the address shown above not less than 48 hours before the time appointed for the meeting or any adjournment of the meeting.

3. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given.

4. This form of proxy, if completed by a corporation, should be executed under the common seal of that corporation or be signed by an officer or attorney duly authorised to do so, whose capacity should be stated.

5. A member wishing to appoint as his proxy a person other than the Chairman of the Meeting, should insert in block capitals the full name of the person of his choice where indicated, and delete the words "the Chairman of the Meeting". All alterations should be initialled.

6. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated. Otherwise, in order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly revoking your proxy appointment to the Neville, Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. In the case of a corporation, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

7. If you submit more than one valid proxy appointment but the instructions in such appointments are not compatible with each other, the appointment received last before the latest time for the receipt of proxies will take precedence.

SECOND FOLD

**Business Reply Plus**  
**Licence Number**  
**RSTY-SAKX-RZS**



Neville Registrars Limited  
Neville House  
18 Laurel Lane  
HALESOWEN  
B63 3DA

FIRST FOLD

THIRD FOLD