365 Agile Group plc

Annual Report
for the year ended 31 December 2017

Contents

Company Information

Directors
Clive Carver
(Non-executive Chairman)

Marc Young
(Executive Director, appointed 25 April 2018)

Anthony Weaver
(Non-executive Director, resigned 25 April 2018)

Secretary
Jill Collighan

Company number
4958332

Registered office
100 Fetter Lane
London
EC4A 1BN

Bankers
Natwest Bank plc
New Street
Birmingham
B2 4BF

Solicitors
DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Auditor
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Chairman's Statement

I am pleased to report the results of 365 Agile Group plc ("365 Agile" or the "Company" and together with its subsidiaries, the "Group") for the year ended 31 December 2017.

Background
As detailed in last year's Annual Report, the Company had become a "cash shell" under AIM Rule 15 and its shares had been suspended from AIM whilst the Board sought potential acquisition targets in the technology sector. In August 2017, in the absence of any such suitable acquisition being completed and, in accordance with AIM regulations, the Company's AIM listing was cancelled.

Since this date, there have been a number of informal discussions with prospective parties regarding the potential for a reverse takeover and readmission to AIM but none have proven to be suitably attractive to progress further.

The buoyant state of the IPO market and the limited funds available to the Company in relation to the costs of concluding a reverse takeover leads the Board to believe it is probably unlikely in the short term that we will find an appropriate IPO candidate seeking a listing via a reverse into 365 Agile. Accordingly we have been considering other ways to maximise the value of the Company's shares. The Board's proposals are detailed below and will be put to shareholders at the forthcoming Annual General Meeting.

Proposed new strategy
From the Board's involvement in the funding of growing technology companies generally, we believe an opportunity exists to provide such funding to unlisted technology companies on a preferred basis. While there have been substantial capital inflows to UK technology companies in the past few years, the Directors believe that substantial opportunities exist to address certain funding gaps in the market - particularly in the arena of commercially focused companies that are not yet producing reliable profits and are therefore reliant on the venture and angel funding sources which are not as deep as the leverage buy out focused private equity funds.

Whilst VCTs and EIS funds provide a useful source of capital to these businesses there is often room for other co-investment capital and the restrictions on the uses of VCT and EIS funds also provide a natural partnering opportunity. Therefore the Directors believe there is an opportunity to provide preferred equity and debt funding to companies that will provide 365 Agile with sufficient protections whilst offering attractive returns.

The structure of these investments may vary but the Company is focusing on trying to have visibility of reinvesting its capital every three years and will therefore seek to commit capital for between 12 and 36 months. The investments are expected to be minority in nature and would not confer special rights other than being fixed in term so that the Company has more certainty over when it expects to be able to realise or partially realise investments it makes.

Board changes
On 25 April 2018, Tony Weaver stepped down as a director and Marc Young joined the Board. Marc, currently Managing Partner of MXC Capital Markets LLP, will become CEO of the Company with the remit to raise investment funds to deploy in the unlisted technology sectors and to find and execute appropriate investment transactions. In due course the Company will seek to implement a new management incentivisation structure consistent with that of the wider venture capital and private equity community aligning compensation with returns to be made on our investments.

Following the Annual General Meeting I intend to step down from the Board when the company has re-registered as a private company. It is intended that Anand Sambasivan will join the Board as a non-executive director to replace me. Anand has a successful track record in the alternative asset management sector having previously built Darwin Strategic and currently serves as Chief Executive Officer of PrimaryBid Limited, an innovative digital investment platform.

Change of Name
The Board will, subject to the passing of the resolutions at the Annual General Meeting and the re-registration of the Company as a private limited company and in accordance with article 5 of the articles of association, pass a resolution to change the name of the Company to Prefcap Limited.

Proposed fundraising
The Company has received strong support from some of its largest shareholders and certain new investors to support a capital investment to allow the Company to pursue the proposed revised strategy. The Board is therefore proposing to raise up to £1 million of new funding to be made available to the Company through a blend of equity and zero coupon convertible loan notes, as detailed in the Notice to the Annual General Meeting.

Implementation of revised proposed strategy
In order to try to achieve a return on the cash the Company has on its balance sheet, the Board has sought to demonstrate that the demand for the type of funding the Company proposes to offer exists and has developed an active pipeline of potential investment opportunities. The first investment was concluded on 30 April 2018, investing £0.25 million via a loan note structure into Cube 19 Limited, a SaaS software business providing business intelligence and analytics to the recruitment sector. Cube 19 has successfully grown its revenues consistently over a four year period, with a high proportion of its revenues being contracted over a number of years and recurring in nature. We look forward to supporting the continued growth of Cube 19. Further investments may be made in due course and should the proposals be approved at the Annual General Meeting, the Company will have additional investable capital to deploy.

Financial results
During the year to 31 December 2017 the Group incurred charges in relation to share-based payments of £0.1million (2016: £0.1 million) and other administrative expenses of £0.2 million (2016: £0.3m).

The resultant loss for the year from continuing operations, which relates to the activities of the Company, was £0.3 million (2016: £0.4 million).

Net cash inflows during the period totalled £0.7 million, primarily due to the receipt of monies under the Company's licencing agreement with Castleton Technology plc. The year-end cash balance was £0.8 million (2016: £0.1 million). Net assets at 31 December 2017 were £0.8 million (2016: £0.9 million).

Going concern
Based on the terms of the licence agreement with Castleton Technology plc the Board is confident that the Group will have sufficient funding for its foreseeable future needs. Accordingly, the financial statements have been prepared on a going concern basis.

Clive Carver
Non-executive Chairman
15 May 2018

Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

Review of the business
A detailed review of the business is set out in the Chairman's Statement, which is considered to be an integral part of the Strategic Report. Given the Group's status as a 'cash shell', the Board does not consider key performance indicators are appropriate to the performance of the business. The Board does, however, continue to closely monitor administrative expenses and cash balances.

The Consolidated Statement of Comprehensive Income shows the Group loss for the year from continuing operations was £0.3 million (2016: £0.4 million). Total loss for the year including discontinued operations was £0.3 million (2016: £3.6 million).

Future developments
See 'Proposed New Strategy' detailed on page 2.

Principal risks and uncertainties
The Board continuously identifies, evaluates, manages and mitigates the principal risks and uncertainties facing the Group. Given its current status, the key risks and uncertainties facing the Group are:

Ability of the Company to continue as a going concern
As detailed in note 1.1, in the absence of any external fundraise, the ability of the Company to continue as a going concern is dependent on the receipt of payments due under the licence agreement with Castleton Technology plc ('Castleton') and on the continuation of funding facilities from MXC Capital Limited ('MXC'). The Directors have no reason to believe that amounts under the agreement with Castleton will be not be received as they fall due, however should Castleton default and should MXC demand repayment of funding facilities, the Company may not be able to continue as a going concern. The Board is proposing to raise up to £1 million of new funding to be made available to the Company thorough a blend of equity and zero coupon convertible loan notes, as detailed in the Chairman's Statement.

Clive Carver
Non-executive Chairman

Approved and signed on behalf of the Board
Dated: 15 May 2018

Registered Office:
100 Fetter Lane
London
EC4A 1BN

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2017 for 365 Agile Group plc (the "Company" or "365 Agile") and its subsidiaries (together the "Group").

Principal activity
All subsidiary companies discontinued their trading activities during the previous financial year. The Company is now a cash shell and the Board continues to seek a suitable trade through which to continue the Group's operations.

Review of the year and future developments
The review of the year and the directors' strategy and objectives for the future are set out in the Strategic Report.

Dividends
The Company did not pay a dividend during the year (2016: £nil). The directors do not recommend the payment of a dividend.

Subsequent events
As detailed in the Chairman's Statement, the Board has developed an active pipeline of potential investment opportunities. The first investment was concluded on 30 April 2018, investing £0.25 million via a loan note structure into Cube 19 Limited, a SaaS software business providing business intelligence and analytics to the recruitment sector.

Directors
The directors who served during the year, or subsequent to the year end, and their interests in the shares of the Company are listed below. All directors served throughout the year unless otherwise indicated.

		31 December 2017 Number of ordinary shares of 30p each	31 December 2016 Number of ordinary shares of 30p each
Clive Carver	(Non-executive Chairman)	40,000	40,000
Anthony Weaver*	(Non-executive Director, resigned 25 April 2018)	–	–
Marc Young*	(Executive Director, appointed 25 April 2018)	–	–

* Anthony Weaver and Marc Young are shareholders in MXC Capital Limited ("MXC") and were both directors of certain companies within the MXC group during the year to 31 December 2017. MXC held 3,875,685 shares in the Company at 31 December 2017 and 2016.

Details of the directors' remuneration are set out in note 7.

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Financial instruments
The Group's financial instruments primarily comprise borrowings, cash balances and trade payables, together with outstanding trade receivables from its discontinued operations. Further details of the Group's risks and policies regarding financial instruments are set out in note 15.

Auditor
A resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of Grant Thornton UK LLP as auditor of the Company, at a rate of remuneration to be determined by the audit committee.

Disclosure of information to auditors
The directors who were members of the Board at the time of approving the Directors' Report are listed on page 5. Having made enquiries of fellow directors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no audit information relevant to the preparation of their report of which the Group's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

Clive Carver
Non-executive Director

Approved and signed on behalf of the Board
Dated: 15 May 2018

Registered Office:
100 Fetter Lane
London
EC4A 1BN

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected under company law to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

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 the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

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 in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed by order of the Board

Clive Carver
Non-executive Director

Dated: 15 May 2018

Registered Office:
100 Fetter Lane
London
EC4A 1BN

Independent Auditor’s Report to the Members of 365 Agile Group plc

Opinion

We have audited the financial statements of 365 Agile Group Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2017 which comprise the consolidated statements of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent statement of changes in equity, the consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2017 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of 365 Agile Group plc
continued

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Stuart Muskett
Senior Statutory Auditor

Date: 15 May 2018

For and on behalf of Grant Thornton UK LLP, Statutory Auditor
Chartered Accountants
Manchester

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

Continuing operations	Note	**Year ended 31 December 2017 £000**	Year ended 31 December 2016 £000
Revenue		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Exceptional costs	5	**–**	(65)
Charges for share-based payments	4	**(76)**	(48)
Other administrative expenses		**(188)**	(284)
Total administrative expenses	4	**(264)**	(397)
Operating loss		**(264)**	(397)
Finance costs	6	**(24)**	(18)
Loss on ordinary activities before taxation		**(288)**	(415)
Income tax	8	**–**	–
Loss for the year from continuing operations		**(288)**	(415)
Profit/(loss) for the year from discontinued operations	2	**30**	(3,157)
Loss and total comprehensive income for the year attributable to owners of the parent company		**(258)**	(3,572)

The notes on pages 14-30 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2017

	Note	31 December 2017 £000	31 December 2016 £000
Assets			
Non-current assets			
Trade and other receivables	9	**134**	689
		134	689
Current assets			
Trade and other receivables	9	**602**	772
Cash and cash equivalents	10	**782**	132
		1,384	904
Total assets		**1,518**	1,593
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	17	**5,674**	5,674
Share premium account		**14,036**	14,036
Capital redemption reserve		**4,426**	4,426
Reverse acquisition reserve		**(19,932)**	(19,932)
Equity reserve		**–**	66
Accumulated loss		**(3,454)**	(3,338)
Total equity attributable to the owners of the parent		**750**	932
Liabilities			
Current liabilities			
Trade and other payables	11	**465**	383
Borrowings	13	**303**	278
Total liabilities		**768**	661
Total equity and liabilities		**1,518**	1,593

The notes on pages 14-30 are an integral part of these financial statements. The financial statements on pages 10-30 were approved by the Board and authorised for issue on 15 May 2018 and are signed on its behalf by:

C Carver
Director

M Young
Director

Company number: 4958332

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Reverse acquisition reserve £000	Merger relief reserve £000	Equity reserve £000	Accumulated loss £000	Total equity £000
At 1 January 2016	5,674	14,036	4,426	(19,932)	2,310	65	(2,076)	4,503
Loss for the year and total comprehensive income	–	–	–	–	–	–	(3,572)	(3,572)
Transactions with owners:								
Share-based payments – staff share scheme	–	–	–	–	–	(47)	–	(47)
Share-based payments – warrants issued	–	–	–	–	–	48	–	48
Transfer between reserves on impairment of investment in subsidiaries	–	–	–	–	(2,310)	–	2,310	–
	–	–	–	–	(2,310)	1	2,310	1
At 31 December 2016	5,674	14,036	4,426	(19,932)	–	66	(3,338)	932
Loss for the year and total comprehensive income	–	–	–	–	–	–	(258)	(258)
Transactions with owners:								
Share-based payments – warrants issued	–	–	–	–	–	76	–	76
Transfer between reserves on cancellation of warrants	–	–	–	–	–	(142)	142	–
	–	–	–	–	–	(66)	142	76
At 31 December 2017	**5,674**	**14,036**	**4,426**	**(19,932)**	**–**	**–**	**(3,454)**	**750**

The notes on pages 14-30 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2017

	Note	**31 December 2017 £000**	31 December 2016 £000
Cash flows from operating activities			
Cash used in operations	19	**(127)**	(351)
Net finance charges paid		**–**	(18)
Net cash flows used in operating activities – continuing operations		**(127)**	(369)
Cash flows from financing activities			
Borrowings received		**–**	275
Repayment of borrowings		**–**	(319)
Net cash flows used in financing activities – continuing operations		**–**	(44)
Net cash flows generated from/(used in) discontinued operations	2	**777**	(311)
Net increase/(decrease) in cash and cash equivalents		**650**	(724)
Cash and cash equivalents at 1 January		**132**	856
Cash and cash equivalents at 31 December		**782**	132
Comprising:			
Cash and cash equivalents	10	**782**	132

The notes on pages 14-30 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2017

1 Accounting policies – Group

365 Agile Group plc ('365 Agile') is a public limited company incorporated and domiciled in England and Wales. Its shares were quoted on AIM, the market of that name operated by the London Stock Exchange, until the Company's AIM quotation was cancelled on 25 August 2017. The registered office is 100 Fetter Lane, London, EC4A 1BN and the principal place of business is the United Kingdom. All subsidiary companies discontinued their trading activities during the previous financial year and the Company is now a cash shell seeking a suitable trading opportunity.

The principal accounting policies, which have been applied consistently in the preparation of these consolidated financial statements throughout the year and by all subsidiary companies, are set out below:

1.1 Basis of preparation
The consolidated financial statements of 365 Agile have been prepared on the going concern basis and in accordance with EU adopted International Financial Reporting Standards (IFRSs), IFRIC interpretations and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Section 1.25 in the accounting policies.

Certain comparative amounts are restated in respect of discontinued activities. Further details are given in Section 1.3 below.

New standards adopted in the year are discussed in Section 1.20.

Going Concern
The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the licence agreement with Castleton Technology plc and funding provided by MXC Capital Limited, the Group's forecasts and projections, taking account of reasonably possible changes in the timing of key strategic events, show 365 Agile will be able to operate within the level and conditions of available funding. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In addition, following the discontinuation of trading activities in the Company's subsidiaries, the Board continues to seek a suitable trade through which to continue the Group's operations.

Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

1.2 Basis of consolidation
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to reflect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group applies the acquisition method to account for business combinations where the transaction meets the criteria specified within IFRS 3. The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In August 2015, 365 Agile Group plc acquired, via a share for share exchange, the entire share capital of 365 Agile Limited. The exchange did not meet the definition of a business combination under IFRS 3. Although not a business combination, IFRS 3 requires the preparation of consolidated financial statements using reverse acquisition methodology.

1 Accounting policies – Group continued

1.3 Discontinued operations
As detailed in note 2, during the previous financial year the Company's subsidiaries discontinued their trading activities and are therefore classified as discontinued operations. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the re-measurement to fair value of the related assets and liabilities.

1.4 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

Share warrants that are issued within the scope of IFRS 2 (as detailed in 1.10) are measured at fair value on the date of grant. They are classified as equity instruments based on the substance of the contractual arrangements entered into.

1.5 Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.6 Current and deferred income tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated using rates and laws that have been enacted or substantively enacted at the balance sheet date that are expected to be in place when the temporary differences reverse.

Deferred tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

1.7 Trade and other receivables
Trade and other receivables are initially recognised and carried at fair value and subsequently amortised cost under the effective interest method. Provision is made where there is objective evidence that the balances will not be recovered in full. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The Group's trade and other receivables are non-interest bearing.

1.8 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and are subject to insignificant risk of changes in value and have maturities of three months or less from inception.

1.9 Foreign currencies
The functional and presentation currency of 365 Agile is Pounds Sterling (£) and the Group conducts its business in Sterling.

1 Accounting policies – Group continued

1.10 Share-based payment transactions

The cost of equity-settled transactions with employees or suppliers is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees or suppliers become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions are approved by the directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

1.11 Financial assets

The Group classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' on the balance sheet.

Recognition

Financial assets are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value and at amortised cost at each reporting period end.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

1.12 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the finance cost line in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

1 Accounting policies – Group continued

1.13 Finance costs
Loans are carried at fair value on initial recognition, net of unamortised issue costs of debt. These costs are amortised over the loan term.

All other borrowing costs are recognised in the income statement on an accruals basis, using the effective interest rate method.

1.14 Equity
Equity comprises the following:

Called up share capital
Called up share capital represents the nominal value of ordinary shares in issue.

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

Capital redemption reserve
The capital redemption reserve includes amounts transferred to this reserve when shares are purchased and cancelled immediately.

Reverse acquisition reserve
The reverse acquisition reserve represents the difference between the parent's capital and the acquired Group's capital.

Merger relief reserve
Merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions, where advantage has been taken of the provisions of section 612 of the Companies Act 2006.

Equity reserve
The equity reserve is a reserve to recognise those amounts in equity in respect of share-based payments, as detailed in note 18.

Accumulated loss
Accumulated loss represents losses incurred.

1.15 Revenue
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results taking into account the type of customer, the type of transaction and the specifics of each arrangement.

Sale of software licences
During the period of trading within its subsidiaries, the Group sold licences to use its software products either on a perpetual royalty free basis or on a rental basis for a fixed period of time. Revenue arising from the sale of perpetual licences is recognised at the time of sale provided that all the Group's obligations associated with the sale of the licence have been fulfilled. As above, where a licence agreement provides for an element of contingent revenue dependent on future performance, the contingent element is not recognised within revenue until the outcome of the dependency is known with certainty.

Revenue from licences sold on a rental or subscription basis is recognised over the period for which the Group has obligations under the contract.

1 Accounting policies – Group continued

Sales of goods
Sales of goods are recognised on delivery.

Annual contracts
The Group entered into contracts to provide support services on an annual basis. Revenue from support agreements is recognised in equal instalments over the period of the agreements.

1.16 Other income

Finance income
Income is recognised on an accrual basis using the effective interest method.

Recharged expenses
Expenses incurred by the Group on behalf of a third party are recharged at cost.

1.17 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted separately on the face of the income statement. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which are included within the exceptional category include:

- spend on the integration of significant acquisitions and other major restructuring programmes; and
- other particularly significant or unusual items.

Spend on integration is incurred by the Group, when integrating one trading business into another. The types of costs include employment related costs of staff made redundant as a consequence of integration, due diligence costs, legal and third party advisor fees and rebranding costs.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the income statement as management believe that they need to be considered separately to gain an understanding of the underlying profitability of the trading businesses. Details of the exceptional costs incurred in the year are given in note 5.

1.18 Operating profit or loss

The operating profit or loss is identified in the income statement and represents the profit or loss on continuing activities before finance income and costs and taxation.

1.19 Segmental reporting

The Chief Operating Decision Maker has been identified as the Executive Board. The Executive Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Prior to the discontinuation of trading activities, which is further explained in note 2, the CODMs considered that, given the early stage of the Group's development, product set and sales function, all activities to related to one segment; the development and exploitation of technology. As the income generating activities have been discontinued, the figures stated within continuing operations in the consolidated statement of comprehensive income all relate to the Company's costs of fulfilling its role as the Group's holding company.

1.20 Application of new IFRSs and interpretations

Adoption of new accounting standards
There were no updates to standards or interpretations which became effective this financial year, which were not in effect for the previous financial year.

1 Accounting policies – Group continued

Recently issued accounting pronouncements
At the date of issue of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective. The directors anticipate that the adoption of these Standards and Interpretations, which is expected to occur on their effective dates, will not have a material impact on the Group's financial statements.

- IFRS 16, Leases (effective date for annual periods beginning on or after 1 January 2019)
- IFRS 9, Financial Instruments (2014) (effective date for annual periods beginning on or after 1 January 2018)
- IFRS 15, Revenue from Contracts with Customers (effective date for annual periods beginning on or after 1 January 2018)
- IFRS 2, Classification and Measurement of Share-based Payment Transactions (effective date for annual periods beginning on or after 1 January 2018)

1.21 Critical accounting estimates and assumptions
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

• Recovery of trade and other receivables
The directors have reviewed the Group's trade and other receivables and have made impairment provisions where they believe them to be necessary.

The Group is owed £0.7 million by the Castleton Technology plc group at 31 December 2017 in respect of a licence agreement entered into between the two parties. This amount is stated at amortised cost in accordance with 1.11 above. In the opinion of the Board, based on both its assessment of Castleton Technology plc's ability to service this debt and on its payment history to date, no provision is required against this receivable. Further details of the licence agreement are given in note 22. The fair value has been calculated using a discount rate of 5%, which the Board feels is an appropriate risk-adjusted estimate of the weighted average cost of capital.

• Going concern
The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the revised licence agreement with Castleton Technology plc and the funding provided by MXC Capital Limited, the Group's forecasts and projections, taking account of reasonably possible changes the timing of key strategic events, show 365 Agile will be able to operate within the level and conditions of available funding. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In addition, following the discontinuation of trading activities in the Company's subsidiaries, the Board continues to seek a suitable acquisition through which to continue the Group's operations.

2 Discontinued operations

During the previous financial year the Company's subsidiaries ceased trading activities. The Group continues to collect receivables due from its period of trade, but the Company is the only element of the Group continuing to carry out ongoing trading activities. In accordance with the provisions of IFRS 5 'Assets held for sale and discontinued operations' the activities of the Company during both the current and prior year are classed as 'continuing operations' whilst all other activities of the Group during the current and prior year meet the definition of 'discontinued operations'. As required by IFRS 5, all revenue and expenses, gains and losses relating to the Company's subsidiaries have been eliminated from profit or loss in the Group's continuing operations and are shown as a single line item in the Consolidated Statement of Comprehensive Income (see 'profit/(loss) for the year from discontinued operations').

2 Discontinued operations continued

The operating profit of the discontinued operations and the loss on re-measurement of the fair value of the related assets and liabilities at the point of discontinuation are summarised as follows:

	2017 £000	2016 £000
Operating profit:		
Revenue	**–**	2,124
Cost of sales	**–**	(79)
Administrative expenses (see note 4)	**–**	(1,033)
Other operating income	**5**	12
Operating profit	**5**	1,024
Net finance income/(costs)	**25**	(4)
Profit from discontinued operations before tax	**30**	1,020
Tax expense	**–**	(73)
Profit for the year	**30**	947
Loss on re-measurement:		
Loss before tax on re-measurement to fair value, less costs to sell (see below)	**–**	(4,206)
Tax income	**–**	102
Total loss on re-measurement	**–**	(4,104)
Profit/(loss) for the year from discontinued operations	**30**	(3,157)

The subsidiary companies have not been disposed of, but have all discontinued their trading activities. The fair value of the assets and liabilities relating to those companies were re-measured at the point of discontinuation of trade in 2016, with the following impairment (gains)/losses recognised:

	2017 £000	2016 £000
Intangible assets	**–**	3,883
Property, plant and equipment	**–**	109
Inventories	**–**	97
Trade and other receivables	**–**	139
Impairment losses	**–**	4,228
Re-measurement of trade and other payables	**–**	(22)
Loss before tax on re-measurement to fair value, less costs to sell	**–**	4,206

Cash flows arising from the discontinued operations were as follows:

	2017 £000	2016 £000
Operating activities	**777**	(247)
Investing activities	**–**	(33)
Financing activities	**–**	(31)
Cash flows generated from/(used in) discontinued operations	**777**	(311)

3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Makers ('CODM'). The CODM has been identified as the Board.

The Board is responsible for resource allocation and, when applicable, assessing the performance of the operating segments. Operating segments are defined by distinctly separate product offerings or markets. Prior to the discontinuation of trading activities, which is further explained in note 2, the CODMs considered that, given the early stage of the Group's development, product set and sales function, all activities to related to one segment; the development and exploitation of technology. All results in respect of discontinued activities therefore, for both the current and comparative period, were derived from this one operating segment.

As the income generating activities have been discontinued, the figures stated within continuing operations in the consolidated statement of comprehensive income all relate to the Company's costs of fulfilling its role as the Group's holding company. As explained above, all figures stated within the discontinued operations operating profit analysis within note 2 relate to the one operating segment of the development and exploitation of technology.

In respect of discontinued operations, all revenue originated in the United Kingdom.

The Group's discontinued revenue is analysed as follows:

	2017 £000	2016 £000
Sales of physical goods	–	87
Sales of licences and associated support services	–	2,037
	–	2,124

The Group made sales to the following customers who accounted for 10% or more of revenue during the year:

	2017 £000	2016 £000
Customer A	–	1,891

4 Administrative Expenses

	2017 Continuing operations £000	**2017 Discontinued operations £000**	**2017 Total £000**
Fees payable to the Company's auditor for the audit of the consolidated and Group financial statements	**13**	**–**	**13**
Fees payable to the Company's auditor for taxation compliance services	**4**	**–**	**4**
Share-based payment charges (see note 18)	**76**	**–**	**76**
Other administrative costs	**171**		**171**
Total administrative expenses	**264**	**–**	**264**

	2016 Continuing operations £000	2016 Discontinued operations £000	2016 Total £000
Employee costs within administrative expenses, excluding share-based compensation (note 7)	–	581	581
Depreciation of owned assets	–	29	29
Amortisation of intangible assets	–	114	114
Fees payable to the Company's auditor for the audit of the consolidated and Group financial statements	20	–	20
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	–	5	5
Fees payable to the Company's auditor for taxation compliance services	7	–	7
Fees payable to the Company's auditor for other assurance services	4	–	4
Share-based payment charges (see note 18)	48	(47)	1
Exceptional costs (see note 5)	65	–	65
Other administrative costs	253	351	604
Total administrative expenses	397	1,033	1,430

5 Exceptional costs

In accordance with the Group's policy in respect of exceptional costs, the following charges were incurred during the year:

	2017 Total £000	2016 Total £000
Integration and reorganisation costs	**–**	65

6 Finance costs

Continuing operations:

	2017 £000	2016 £000
Interest expense in respect of amounts carried at amortised cost:		
Loan notes	**–**	15
Other loans	**24**	3
	24	18

7 Employee benefits expense

	2017 £000	2016 £000
Staff costs for the year, including executive directors, amounted to:		
Wages and salaries	**–**	527
Social security costs	**–**	54
Total payroll costs	**–**	581
Share-based compensation (note 18)	**–**	(47)
Total employment costs	**–**	534

Average monthly number of people employed (including executive directors):

	2017 £000	2016 £000
Technical and operations	**–**	24
Management	**–**	1
Administration	**–**	1
Total average headcount	**–**	26

The remuneration of the directors, for the period of their time in office, was as follows:

	Basic salary, allowances and fees £000	**2017 Total £000**	2016 Total £000
Non-executive			
Clive Carver	41	**41**	50
Tony Weaver	–	**–**	-
Colin Hutchinson (resigned 1 November 2016)		**–**	38
Executive			
Jonathan Holyhead (resigned 31 March 2016)	–	**–**	48
Jill Colligan (resigned 1 November 2016)	–	**–**	69
	41	**41**	205

Director's fees in respect of Jill Colligan were paid to MXC Capital (UK) Limited, a related party. None of the directors held any share options in the Company in 2017 or 2016.

8 Income tax

(a) Tax on loss on ordinary activities

	2017 Continuing operations £000	**2017 Discontinued operations £000**	**2017 Total £000**	2016 Continuing operations £000	2016 Discontinued operations £000	2016 Total £000
Corporation Tax:						
Current tax on loss for the year	**–**	**–**	**–**	–	–	–
Prior year adjustment	**–**	**–**	**–**	–	2	2
Deferred tax:						
Origination and reversal of timing differences	**–**	**–**	**–**	–	(31)	(31)
Total tax credit	**–**	**–**	**–**	–	(29)	(29)

(b) Reconciliation of the total income tax credit

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	2017 £000	2016 £000
Loss from operations before taxation	**(258)**	(3,601)
Accounting loss multiplied by the UK standard rate of corporation tax of 19% (2016: 20%)	**(49)**	(720)
Net items not deductible for tax purposes	**20**	811
Losses utilised	**–**	(91)
Losses carried forward	**29**	–
Prior year adjustment	**–**	2
Movement in deferred tax	**–**	(31)
Total income tax credit	**–**	(29)

(c) Unrecognised deferred tax

The Group has unrecognised deferred tax assets of £2.0 million (2016: £2.0 million) in respect of losses incurred in previous years which it is unlikely to be able to utilise except in very limited circumstances. Deferred tax assets have not been recognised in respect of losses where it is the view of the directors that it is not probable that future taxable profits of the nature required will be available to offset against any deferred tax asset.

(d) Deferred tax liability

	£000
At 1 January 2016	31
Credit to income statement	(31)
At 31 December 2016 and 31 December 2017	–

9 Trade and other receivables

	2017 **£000**	2016 £000
Trade receivables	**562**	752
Other receivables	**6**	16
Prepayments	**34**	4
Amounts due within 12 months	**602**	772
Trade receivables	**134**	689
Amounts due after more than 12 months	**134**	689
Total receivables	**736**	1,461

Trade receivables, which are stated at amortised cost, comprise £696,000 (2016: £1,420,000) in respect of a licence sale made during the previous financial year to Castleton Technology plc. Receipts under this agreement are contracted to be received on a regular basis up until April 2019. See note 22 for further details. As at 31 December 2017 and 2016, no trade receivables were past due and no provision had been made against trade receivables in either year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security. The carrying amounts of the Group's trade and other receivables are denominated in pounds.

10 Cash and cash equivalents

	2017 **£000**	2016 £000
Cash at bank and in hand	**782**	132

The table below shows the balance with the major counterparty in respect of cash and cash equivalents:

Credit rating	**2017** **£000**	2016 £000
BBB+ and above	**782**	132

11 Trade and other payables

Current	**2017** **£000**	2016 £000
Trade payables	**448**	311
Accruals	**17**	72
	465	383

12 Commitments

a) Operating leases
Future aggregate minimum annual lease payments under non-cancellable operating leases as at 31 December are as follows:

Leases ending:	Land and buildings 2017 £000	Other 2017 £000	Land and buildings 2016 £000	Other 2016 £000
Not later than 1 year	–	–	–	1
	–	–	–	1

(b) Capital commitments
The Group had no contracted but not provided for capital commitments at 31 December 2017 (2016: £nil).

13 Borrowings

Current	2017 £000	2016 £000
Loans	**303**	278

The loan is repayable on demand and accrued interest at a rate of 10.0% per annum until November 2017, after which time the interest was frozen.

14 Financial instruments by category

The objectives of the Group's treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

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

	2017 £000	2016 £000
Financial Assets – loans and receivables		
Trade receivables due within 12 months	**562**	752
Other current assets	**6**	16
Trade receivables due after 12 months	**134**	689
Cash and cash equivalents	**782**	132
	1,484	1,589

The fair value of the above items equals their carrying amounts.

	2017 £000	2016 £000
Financial Liabilities – amortised cost		
Trade and other payables excluding statutory liabilities	**465**	383
Loans	**303**	278
	768	661

15 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow 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 centrally under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments of excess liquidity.

(a) Market risk
(i) Cash flow risk
The Group receives interest on cash and cash equivalents and pays interest on its borrowings.

The impact on post-tax profit and equity of a +/– 1% shift in the interest rate would not be material.

(ii) Price risk
The Group is not exposed to significant commodity or security price risk.

(b) Credit risk
Credit risk is managed at a subsidiary level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, amounts recoverable on contracts and committed transactions. Individual risk limits are set based on internal and external ratings and reviewed by the Board where appropriate. The utilisation of credit limits is regularly monitored with appropriate action taken by management in the event of a breach of credit limit.

(c) Liquidity risk
Management reviews cash forecasts of operating companies of the Group in accordance with practice and limits set by the Group. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2017	Within 1 year £000	1–2 years £000	More than 2 years £000	**Total £000**
Trade and other payables	465	–	–	**465**
Loans	303	–	–	**303**

At 31 December 2016	Within 1 year £000	1–2 years £000	More than 2 years £000	Total £000
Trade and other payables	383	–	–	383
Loans	278	–	–	278

16 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt: Interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

	2017 £000	2016 £000
Interest bearing loans and borrowings (note 16)	**303**	278
Less: Cash and short term deposits (note 13)	**(782)**	(132)
Net (cash)/debt	**(479)**	146

17 Called up share capital

	Number	**£000**
Allotted, called up and fully paid share capital Ordinary shares of 30p		
At 1 January 2016, 31 December 2016 and 31 December 2017	**18,914,073**	**5,674**

Each Ordinary share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of 365 Agile Group plc.

Warrants
During 2015 warrants over 5% of the Company's current and future issued share capital were issued to MXC Capital Guernsey Limited ('MXC'). At 31 December 2016, MXC held 945,703 share warrants in the Company. During the year these warrants were cancelled.

The fair value of the warrants on issue was calculated by an external valuations expert using a two-tiered Black-Scholes option pricing model together with an empirical model, adjusted by a probability weighting to take the likely achievement of performance criteria into account. The weighted average fair value of the warrants issued during the period determined by the option pricing model above was 8.56 pence per warrant. The significant inputs into the model were weighted average share price of 75.8 pence per share at the grant date, an exercise price of between 75 pence and 82 pence per share, volatility of 48.72%, probability of achieving performance targets of 15.44% and an expected warrant life of one to seven years. In accordance with IFRS 2, as the warrants have market performance conditions, their fair value is not restated to take account of the likelihood of the vesting conditions being achieved, despite the fall in the Company's share price. Also in accordance with that standard, where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The expense recognised for equity-settled share-based payments in respect of warrants issued during the year to 31 December 2017 was £76,000 (2016: £48,000).

18 Share-based payment plans

The Group's share-based payments charge was as follows:

	2017 £000	2016 £000
Equity-settled share-based credit arising from share plans for employees – discontinued operations	–	(47)
Equity-settled share-based charge arising from warrants – continuing operations	76	48
Total equity-settled share-based payments	76	1

Warrants
For further details see note 17.

19 Net cash flows from continuing operating activities

	2017 £000	2016 £000
Loss on ordinary activities before taxation	(288)	(415)
Adjustments for:		
Net finance costs	24	18
Equity-settled share-based payment charge	76	48
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(28)	5
Increase/(decrease) in trade and other payables	89	(7)
Cash used in continuing operations	(127)	(351)

20 Subsidiaries

At 31 December 2017, the Company had the following subsidiary undertakings.

	Principal activity	Country of incorporation	% Ordinary share capital owned
Held by 365 Agile Group plc			
365 Agile Limited	Non-trading	England and Wales	100%
Held by 365 Agile Limited			
South View Solutions Limited	Non-trading	England and Wales	100%
Wireless Things Limited	Non-trading	England and Wales	100%
Easytherm Limited	Non-trading	England and Wales	100%

21 Subsequent events

As detailed in the Chairman's Statement, the Board has developed an active pipeline of potential investment opportunities. The first investment was concluded on 30 April 2018, investing £0.25 million via a loan note structure into Cube 19 Limited, a SaaS software business providing business intelligence and analytics to the recruitment sector.

22 Related parties

The Group has taken advantage of the exemption allowing it not to disclose transactions with entities wholly-owned by the Group.

Key management is considered to comprise only the directors. Key management remuneration paid during the year (including employer's national insurance) was £41,000 (2016: £218,000).

Anthony Weaver is a director of certain companies within the MXC Capital Limited group ("MXC"). MXC is also a significant shareholder in the Company. During the year, the Group incurred fees from MXC for consultancy services and corporate finance advice amounting to £99,000 (2016: £104,000). At 31 December 2017 £446,000 (2016: £290,000) was owed to MXC by the Group. In addition, in November 2016 the Company entered into a loan facility with MXC. Further details are given in note 16.

Jonathan Holyhead, a majority shareholder and former director of 365 Agile was formerly a majority shareholder and director of Documotive Limited. Davinder Sanghera, a significant shareholder in Company, was, until January 2017, a director of Castleton Technology plc ('Castleton') which acquired 100% of the issued share capital in Documotive Limited on 18 November 2014. MXC is also the largest shareholder in Castleton.

On 18 November 2014, the Group entered into a reseller agreement with Documotive Limited (subsequently transferred to Castleton) whereby Documotive Limited was granted an exclusive non-transferrable licence to market and sell the Group's products to its existing client base and, by mutual agreement, to certain clients in the sector for a period of three years. On 1 April 2016 the Company entered into a new licence agreement with a subsidiary of Castleton for the provision of the Company's software solutions to the social housing sector on an exclusive basis (the "Licence Agreement"). The Licence Agreement guarantees the Group minimum payments totalling at least £1.8 million over a 3-year period.

During the year ended 31 December 2017, the Group recognised sales income, on an amortised cost basis, to Castleton of £nil (2016: £1,891,000). At 31 December 2017, the fair value of the trade debtor balance outstanding from Castleton was £696,000 (2016: £1,441,000).

Company Balance Sheet

As at 31 December 2017

	Note	**31 December 2017 £000**	31 December 2016 £000
Fixed assets			
Investments in subsidiaries	3	**450**	500
Current assets			
Debtors	4	**146**	927
Cash at bank and in hand		**773**	44
Current assets		**919**	971
Creditors: Amounts falling due within 1 year	5	**(605)**	(491)
Net current assets		**314**	480
Total assets less current liabilities, being net assets		**764**	980
Capital and reserves:			
Called up share capital	8	**5,674**	5,674
Share premium account		**14,036**	14,036
Capital redemption reserve		**4,426**	4,426
Equity reserve		**–**	66
Profit and loss account		**(23,372)**	(23,222)
Total shareholders' funds		**764**	980

The Company incurred a loss in the year of £292,000 (2016: £11,489,000).

The notes on pages 33-37 are an integral part of these financial statements. The financial statements set out on pages 31-37 were approved by the Board of Directors and authorised for issue on 15 May 2018 and are signed on its behalf by

C Carver
Director

M Young
Director

Company number: 4958332

Company Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £000	Share premium account £000	Merger relief reserve £000	Capital redemption reserve £000	Equity reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2016	5,674	14,036	2,310	4,426	65	(14,043)	12,468
Loss for the year and total comprehensive income	–	–	–	–	–	(11,489)	(11,489)
Transactions with owners:							
Share-based payments – staff share scheme	–	–	–	–	(47)	–	(47)
Share-based payments – warrants issued	–	–	–	–	48	–	48
Transfer between reserves on impairment of investment in subsidiaries	–	–	(2,310)	–	–	2,310	–
	–	–	(2,310)	–	1	2,310	1
At 31 December 2016	5,674	14,036	–	4,426	66	(23,222)	980
Loss for the year and total comprehensive income	–	–	–	–	–	(292)	(292)
Transactions with owners:							
Share-based payments – warrants issued	–	–	–	–	76	–	76
Transfer between reserves on cancellation of warrants	–	–	–	–	(142)	142	–
	–	–	–	–	(66)	142	76
At 31 December 2017	**5,674**	**14,036**	**–**	**4,426**	**–**	**(23,372)**	**764**

Notes to the Company Financial Statements

1 Accounting policies

365 Agile Group plc has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to disclose the Company profit and loss account. The Company is a holding company and cash shell and is seeking a suitable future trade through which to continue the Group's operations.

The principal accounting policies, which have been applied consistently throughout the year in the preparation of the financial statements are:

(a) Basis of accounting
The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

(b) Basis of preparation
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The financial statements of 365 Agile Group plc are drawn up to 31 December each year.

The individual accounts of 365 Agile Group plc have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments,
  - exposure to and management of financial risks, and
  - share-based payments.

The directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. Based on the revised licence agreement with Castleton Technology plc and funding provided by MXC Capital Limited, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the timing of key strategic events, show 365 Agile will be able to operate within the level and conditions of available funding. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

(c) Investments in subsidiaries
Investments are initially recognised at cost. The carrying value of investments is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

(d) Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

1 **Accounting policies** continued

(e) Share-based payments transactions
Equity-settled share-based payment transactions
The cost of equity-settled transactions with employees or suppliers is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense in the subsidiary over the vesting period, which ends on the date at which the relevant employees or suppliers become fully entitled to the award. The fair value of the services received in exchange for the grant of equity-settled transactions in the Group is recognised as a capital contribution in the subsidiary. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions are approved by the directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised in the subsidiary for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement of the subsidiary, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised in the subsidiary over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement of the subsidiary.

(f) Foreign currencies
The functional and presentation currency of 365 Agile Group plc is Pounds Sterling.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss.

(g) Employees and directors' emoluments
The Company had no employees during the year. The remuneration of the non-executive directors is disclosed in this annual report.

(h) Equity financial instruments
Share warrants that are issued outside of the scope of Section 26 are measured at fair value at date of issue. They are classified as equity instruments based on the substance of the contractual arrangements entered into whereby a fixed amount of cash will be received for a fixed number of the Company's own equity instruments.

1 Accounting policies continued

(i) Debtors
Short term debtors are measured at transaction price, less any impairment.

(j) Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(k) Equity
Equity comprises the following:

Called up share capital
Called up share capital represents the nominal value of ordinary shares in issue.

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

Capital redemption reserve
The capital redemption reserve includes amounts transferred to this reserve when shares are purchased and cancelled immediately.

Merger relief reserve
Merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions, where advantage has been taken of the provisions of section 612 of the Companies Act 2006.

Equity reserve
The equity reserve is a reserve to recognise those amounts in equity in respect of share-based payments as follows, as detailed in note 22 of the consolidated financial statements.

Accumulated loss
Accumulated loss represents losses incurred.

(l) Critical accounting estimates and assumptions
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

• ***Going concern***
The ability of the Company to continue as a going concern is dependent on receipt by its subsidiary, 365 Agile Limited, of amounts due under the licence agreement with the Castleton Technology plc group.

The Group is owed £0.7 million by the Castleton Technology plc group at 31 December 2016 in respect of a licence agreement entered into between the two parties. In the opinion of the Board, based on both its assessment of Castleton Technology plc's ability to service this debt and on its payment history to date, no provision is required against this receivable. Further details of the licence agreement are given in note 22 of the consolidated financial statements.

2 Employee Benefits Expense

The Company had no employees during either the current or prior period.

3 Investments in subsidiaries

	Investments in subsidiaries £000
Cost	
At 1 January 2017 and 31 December 2017	**9,513**
Impairment charges	
At 1 January 2017	**9,013**
Charge in year	**50**
At 31 December 2017	**9,063**
Carrying value	
At 31 December 2017	**450**
At 31 December 2016	**500**

The directors annually review the carrying amount of the Company's investments for impairment. Following this review, the directors believe that carrying value of the investments is supported by their underlying net assets and cash flows.

4 Debtors

	2017 £000	2016 £000
Amounts due from subsidiary undertakings	**109**	918
Prepayments	**34**	4
Other debtors	**3**	5
	146	927

5 Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Loans	**303**	278
Trade creditors	**285**	170
Accruals	**17**	43
	605	491

The loan is repayable on demand and accrued interest at a rate of 10.0% per annum to November 2017.

6 Share-based payment plans

See note 17 in the consolidated financial statements.

7 Auditors' remuneration

The Company audit fee is £12,500 (2016: £20,000).

8 Called up share capital

	Number	£000
Allotted, called up and fully paid share capital Ordinary shares of 30p		
At 1 January 2016, 31 December 2016 and 31 December 2017	**18,914,073**	**5,674**

Each Ordinary share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of 365 Agile Group plc.

Warrants
During the year warrants over 5% of the Company's current and future issued share capital were cancelled. For further details see note 21 in the consolidated financial statements.

9 Control

In the opinion of the directors, there is no single controlling party.

10 Related party transactions

The Company has taken the exemption not to disclose transactions with entities that are wholly owned subsidiaries of the 365 Agile Group plc group.

Anthony Weaver is a director of certain companies within the MXC Capital Limited group ("MXC"). MXC is also a shareholder in the Company.

During the year, the Company incurred costs from MXC for consultancy services and corporate finance advice amounting to £80,000 (2016: £79,000). At 31 December 2017 £283,000 (2015: £150,000) was owed to MXC by the Company. In addition the Company has cancelled warrants issued to MXC as detailed in note 8. On 18 November 2016, the Company entered into loan facility with MXC. The loan is unsecured and is repayable on demand with interest payable at rate of 10.0% per annum, frozen as at November 2017. At 31 December 2017 the amount owed under the loan facility was £302,500 (£2016: £278,000).

11 Subsequent events

See note 21 in the consolidated financial statements.

365 Agile Group plc
100 Fetter Lane
London
EC4A 1BN

www.365agile.com