ELECTRIC WORD PLC

ANNUAL REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 NOVEMBER 2014

Company registration number 3934419

DIRECTORS
AS Brode – Non-Executive Chairman
JJC Turner – Chief Executive
WE Fawbert – Executive Director
S Routledge – Non-Executive Director
H Marsh – Non-Executive Director

SOLICITORS
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SECRETARY
WE Fawbert

NOMINATED ADVISOR AND BROKER
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COMPANY REGISTRATION NUMBER
3934419

AUDITOR
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London EC4Y 8BB

REGISTRARS
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SELECTION OF ELECTRIC WORD GROUP WEBSITES

www.electricwordplc.com

EDUCATION
www.optimus-education.com

HEALTH
www.radcliffehealth.com
www.speechmark.net

SPORT & GAMING
www.igamingbusiness.com
www.igbaffiliate.com
www.tvsportsmarkets.com
www.sportbusiness.com

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GROUP OVERVIEW

For the year ended 30 November 2014

ELECTRIC WORD PLC is a specialist media group supporting professional development, compliance and management effectiveness through a wide range of digital, print and live formats. Our approach is to identify niche communities within our market sectors and fulfil our customers' key information needs to enable them to do their jobs better and enhance their careers. We achieve this by developing a deep understanding of our sectors and our customers' challenges and information requirements.

The Group provides content in many different formats, including subscription websites, journals, magazines, events, face-to-face training, online training, books, special reports, bespoke research and consultancy. Competencies developed in one sector can be transferred to another as opportunities arise.

The Group is composed of three market-facing divisions:

Sport & Gaming

This division provides business insight, data and analysis to professionals in the global businesses of sport and online gaming. SportBusiness Group provides subscription websites and magazines for sports industry professionals who work in governing bodies, the media, sports marketing, sponsorship and club and event management. iGaming Business provides events, subscription websites and magazines to both the online gaming industry itself and its marketing affiliates, providing this global and fast-growing industry with business-critical information and marketing support.

Education

The Education division, operating through the Optimus Education brand, supports the professional development of teachers and school leaders through an online subscription-based information and training service and through live conferences.

Health

The Health division provides professional education and training products for doctors, healthcare managers, speech therapists and other health professionals through the Radcliffe and Speechmark brands. Radcliffe publishes books and other associated products to support the education and professional development of doctors, managers and professionals allied to health. Speechmark specialises in resources for speech therapists, special needs co-ordinators and teachers.

Electric Word plc

2014 HIGHLIGHTS

For the year ended 30 November 2014

FINANCIAL HIGHLIGHTS

Revenue from continuing operations up 3% to £13.6m

- Live events revenue up 22% driven by growth in iGaming events
- Revenue mix change: Digital and Live revenue up from 59% to 67% of Group revenue
    - Live up to 42% (2013: 35%) of Group revenues
    - 44% of publishing revenues include a digital format (2013: 40%)
- Sport & Gaming revenue up 18%; Education down 9%; Health down 10%

Group adjusted EBITA* down 7% from £0.74 to £0.69m

- Sport & Gaming EBITA* up 34% from £1.4m to £1.9m
- Education EBITA* down from £0.1m loss to £0.4m loss, due to lower sales linked to legacy products and further investments
- Health EBITA* down from £0.2m profit to £0.1m loss due to lower sales of non-book products

Loss from continuing operations improved from £0.32m to £0.27m

- Amortisation cost reduced from £0.9m to £0.6m
- Loss from discontinued operations of £1.0m including £0.8m impairments, following disposal of non-strategic businesses (2013: £0.3m loss)

* EBITA denotes adjusted EBITA as defined in Note 5 and excludes amortisation and impairment of goodwill and intangible assets, restructuring and acquisition-related credits and costs, and share based payment costs, as well as the tax impact of those adjusting items and any non-cash tax credits and charges. *This definition applies throughout the Annual Report and Financial Statements.*

OPERATIONAL HIGHLIGHTS

Sport & Gaming:

- Significant growth in iGaming events revenues driven by larger venues and new affiliate sectors
- Development and launch of new premium digital subscription services
- Subscriptions and live events account for 84% (up from 61%) of total revenue for the division

Education:

- Strategic realignment and rebrand of the product portfolio into three core services
- Continued investment in digital product development and sales
- Continued strong performance from conferences following investment in new products and formats
- Disposal of Incentive Plus business (2014)

Health:

- Milton Keynes office closure completed to create a single multi-disciplinary team in London
- Investment in digital infrastructure to improve distribution and sales of ebooks
- Investment in new Speechmark digital products for launch in 2015
- Disposal of Sports Performance (2014) and Radcliff Solutions (January 2015)

Electric Word plc

FINANCIAL SUMMARY

For the year ended 30 November 2014

Financial summary (£'000)	**2014 £'000**	**% Change £'000**	**2013 £'000 Restated**
Continuing operations			
Revenue	**13,624**	*+3%*	13,200
Gross Profit	**7,391**	*+6%*	6,989
Adjusted EBITA*	**685**		738
Adjusted profit before tax*	**650**		693
Amortisation	***(636)***		*(865)*
Impairment expense	**-**		*(674)*
Restructuring costs	***(84)***		*(196)*
Acquisition-related credits	**-**		*44*
Share-based payment (charges) / credits	***(270)***		*27*
Loss before tax	**(340)**		(971)
Loss for the financial year from continuing operations	**(266)**		(319)
Loss for the financial year from continuing and discontinued operations	**(1,289)**		(614)
Diluted loss per share from continuing operations	**(0.09)p**		(0.11)p
Adjusted diluted earnings per share*	**0.08p**		0.11p
Diluted loss per share from continuing and discontinued operations	**(0.33)p**		(0.18)p

* Adjusted figures (note 5) exclude amortisation, impairment of goodwill and intangible assets, acquisition-related and restructuring credits and costs, and share based payment costs, as well as the tax impact of those adjusting items and any non-cash tax credits and charges.

Comparative figures for the year to 30 November 2013 have been restated to reclassify the results of the Sports Performance, Incentive Plus and Radcliffe Solutions businesses as discontinued operations as a result of their disposals. See note 10.

Electric Word plc

CHAIRMAN'S STATEMENT

For the year ended 30 November 2014

Dear Fellow Stakeholders,

Our objective, as always, is to grow the long-term value of the Group's strategic assets. We are doing this by increasing the focus of the business, strengthening its leadership, investing to build excellent, market-leading products and services and growing scale and margins. In 2014 we made progress on all these fronts, while recognising that there is further to go.

The business has been streamlined by disposing of several non-core activities to enable us to focus management and resources on the key areas of future growth. Leadership has been strengthened by a new Managing Director of the Education division and the addition of Henrietta Marsh as a Non-Executive Director.

New investment has been concentrated on developing, launching and growing high-value digital subscription services and on improving the infrastructure of our largest live events. In the Sport & Gaming division the investments that we have made in previous years have delivered increased profits, with adjusted EBITA growth of 34%, an excellent return on the efforts of a talented team.

In the Education and Health divisions we are investing in building excellent digital services. The Optimus Education online subscription service has been transformed through the course of the year and now provides a competitive professional development and compliance service for school leaders and a platform for future growth.

In 2015 we look forward to further progress towards our strategic goals. The success of the business relies as ever on our dynamic and professional team and on behalf of the Board I would like to thank our employees as well as the other stakeholders for their effort and support.

Andrew Brode
Chairman
20 February 2015

Electric Word plc

Business model

Electric Word plc is a specialist media group supporting professional education, compliance and management through a wide range of digital, live and paper formats. Our approach is to identify niche communities within our market sectors and fulfil their key information, professional development, best practice and compliance needs.

Our business model starts with the customer. By better understanding our customers' aspirations and challenges we can provide increasingly valuable information products that support their critical decisions and key objectives. We serve our customers' needs through many different formats, including subscription websites, events, face-to-face training, online training, books, journals, magazines, special reports, bespoke research and consultancy. Competencies developed in one sector can then be transferred to another as opportunities arise. Within this mix we favour high-quality revenue streams from digital subscription services, tools that connect directly with customer work requirements and live events with the scale to build brand presence in their markets.

We aim to increase the value of the services that we deliver over the lifetime of each customer relationship. We deliver this by increasing the penetration of our information within each customer organisation and also by innovating and developing new products.

Group Strategy

Our business model requires focus and investment, so it is important that the activities we select for strategic development are scalable and will ultimately generate high margins.

The deep knowledge of customers and markets needed to deliver our business model also means that we concentrate on a small number of market sectors and activities. We are therefore focusing the business on doing fewer things, each at a greater scale, to achieve higher margins. Our objective is a simpler business that is better able to capitalise on the opportunities in our markets and the changing technology underpinning our sector. During 2014, we have simplified the business further by disposing of the Sports Performance and Incentive Plus businesses and after the year end in January 2015 we also sold Radcliffe Solutions Ltd.

The strategy translates into different priorities within each division according to the needs of the market and the development of the business. These are described and evaluated in the Business Performance Review.

Operating segments

The Group organises its management and reporting around three market-facing divisions: Education, Health and Sport & Gaming.

Key performance indicators (KPIs)

The Board uses a range of financial information and KPIs to monitor progress across the Group. These are compared against prior year and forecast and significant variances are identified and investigated.

Divisional and profit centre managers monitor performance on a monthly basis at the level of individual profit centres. Monthly reports are compiled which include detailed income statements and cash receipts by profit centre, enabling analysis of revenue, gross margin, and adjusted EBITA margin, together with KPIs such as headcount and staff cost, capital expenditure and cash receipts. On a fortnightly basis the divisional managers meet with the executive directors to review and discuss prior month's results, sales and profit forecasts, staff and operational matters and other topics suitable for wider consideration and knowledge sharing.

At Group level, a monthly board report is reviewed which includes consolidated and divisional results against budget and prior year with commentary on significant variances, trend analysis of revenue, gross profit and adjusted EBITA, consolidated balance sheet, aged debt and creditor analysis, deferred revenue analysis, 12 month rolling cash flow forecasts and full year profit estimates compared to budget and market expectations. In addition, detailed KPIs are prepared for each division to facilitate further analysis of results and inform decision making. These include subscription yields, renewal rates by volume and value and total file value, conference delegate numbers and value, revenue per event and website analytics.

A number of risks or uncertainties could potentially damage the Group's performance and condition. The Board and senior management team seek to identify such risks and then mitigate and monitor them. Risk factors identified and the mitigation against them are set out below:

External economic pressure
As a service industry, the performance of the Group's businesses depends on the financial strength of its customers and in turn on the economic conditions in which they operate. Whilst the Group sees long-term growth in the sectors it operates in, there is a risk of market shrinkage or fluctuations in demand. The Education and Health divisions are predominantly focused on the UK public sector and can therefore be adversely affected by the strength of the UK economy and political factors.

The Group seeks to mitigate such risks by: delivering cost effective products and services; diversification of its market sectors; avoiding highly volatile markets; employing staff who are highly knowledgeable in their sectors in order that adverse changes can be predicted and acted on; developing products at niche markets with the objective of providing essential information to customers which provides insulation against short-term reductions in discretionary spend; ensuring that there is no over-dependence on major customers; and conducting detailed analysis of investment returns, product profitability and other detailed management information to identify the need for action or change.

Competitor threat or significant reduction in demand for product
The Group operates in competitive markets which are subject to a risk that competition and market change will alter demand for our products. The markets within which the group operates are attractive to commercial competitors and competition from freely available information.

The Group aims to mitigate this by serving its customers in a wide range of formats which increasingly form part of individual users' workflows. Our deep relationships with customers and the market experience of our staff also provide barriers to entry for competition.

There is also a risk that reduced demand could result from a poor quality product or service. The Group places a high value on its editorial integrity and service quality and coupled with the deep market and customer knowledge of its employees, this reduces risk in this area.

Cyclical revenues
Whilst the Group is increasingly focusing on higher quality revenue streams, it still has exposure to cyclical and seasonal demand based revenues. These include advertising, sponsorship at our events and consultancy.

The Group seeks to reduce volatility in these revenue streams by focusing on major publications and large annual events with a high repeat element, regular client base and topics which are less prone to market and economic cycles. The Group seeks to reduce its exposure further by increasing its focus on annual subscription products and seeking to renew and replace advertising, contract, and sponsorship revenues as they expire.

Dependence on key personnel
The Group employs a core of key employees with strong market and product knowledge which is a key strength of its business, but can also present a risk in the event that they leave. Whilst the Group aims not to be reliant on individuals, and to ensure that knowledge and responsibilities are shared, the businesses depend on the quality of their staff and are therefore subject to the risks of retention and attracting new, experienced staff should the need arise.

The Group seeks to mitigate this risk by striving to provide a supportive yet entrepreneurial environment, assistance to aid the development of our employees, and competitive employee benefits, incentive schemes, share plans and career opportunities. We also have a strong culture of knowledge sharing which helps to ensure that key skills and knowledge are not held within any one individual.

Growth strategy
The Group has a history of driving growth through both acquisitions and investing to grow organically.

All acquisitions and other investing activities run risks such as over-paying, under delivery and integration failure due to lack of experience in new revenue streams or markets.
Acquisitions and investments are managed by a robust investment process that also carries through into post investment development and integration. The Group uses its strong market knowledge to aid its development process sourced from existing staff and the use of third party consultants and advisors when required.

The Group continues to invest to support organic growth and some of these investments are into unproven digital products. The risks associated with such investments are managed through thorough market research prior to investment, development of clear plans including both financial and non-financial indicators and careful measurement of progress against plan.

Availability of financing
The Group is in an investment period for future growth. As such it remains in a period of high capital expenditure and relatively low profitability. Cash receipts are also highly seasonal. In these circumstances the continued availability of bank lending facilities is important. In the past the most important way of mitigating risk around the availability of financing has been the support of its equity shareholders.

Reliance on key information systems and external partners
In recent years, the Group has invested heavily in its CRM, fulfilment and financial systems and outsourcing the warehousing and fulfilment of its book and other resource products. These systems and partner relationships are now bedded in and working efficiently. Risk still exists however, that a failure in any of these systems and processes could damage the Group, as could any material interruptions to the IT, web and operating systems, some of which are provided and/or supported by third party providers.

The Group has invested considerable time and cost into these systems and has strong internal controls to monitor the service and suitable contingency plans in place to address any such risks.

Financial risks
Electric Word has recruited an able finance team and places high value on its financial reporting and controls.

There is exposure to interest rate movements in the Group as detailed in note 23, but with the low levels of debt, no mitigation instruments are currently required. Exposure to foreign currency rate volatility is largely limited to the Euro and US dollar. This is matched as far as possible with natural hedges by holding receivables and payables in the same currency. The Group's banking position is multi-currency which takes away much of the pressure to convert excess overseas currencies until rates are most conducive.

Electric Word plc

BUSINESS AND PERFORMANCE REVIEW

For the year ended 30 November 2014

GROUP PERFORMANCE

Financial summary (£'000)	**2014 £'000**	**% Change £'000**	**2013 £'000 Restated**
Continuing operations			
Revenue	**13,624**	*+3%*	13,200
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Revenues

The Group strategy has been consistent in recent years: to develop higher value products and services, increasingly in digital or live formats, by improving the depth and value of the content and services we provide. This has required deep customer knowledge, investment and focus: the aim has been to do fewer things, of more value and at greater scale.

In 2014, new digital products or services were launched in each of the Group's three divisions. Investment in growing the infrastructure and scale of our live events resulted in events revenue increasing by 22%. As a result, the proportion of Group revenue derived from digital and live services increased from 59% to 67%. The quality of revenue has also improved, with 37% of non-events revenue now derived from subscriptions, up from 31% in 2013.

Profitability

Strong profit growth in the Sport & Gaming division has enabled the Group to invest further in refocusing the Education business, particularly its subscription products for school leaders and managers. Overall, Group Adjusted EBITA is down 7% to £0.69m from £0.74m.

Items that appear below the adjusted profit line, in general, reflect our strategy and the changes that are being made in the business. At the same time as investing in areas of strategic growth, the Group has continued to disinvest from non-core activities in order to simplify Group operations and increase focus. During the year we disposed of the Sports Performance and Incentive Plus business. Since the end of the year, we have also disposed of Radcliffe Solutions Ltd. The results of these businesses and the net loss on disposal have been treated as discontinued activities for the year ended 30 November 2014 and excluded from adjusted profits. The net loss from discontinued activities is £1.0m (2013: £0.3m) and includes impairments of goodwill and intangible assets associated with Radcliffe Solutions Ltd of £0.8m (2013: £nil). I am pleased to report that during 2014, we have not felt it necessary to further impair the value of the Company's continuing assets.

The introduction of a new share option scheme in December 2013 combined with a strong share price performance since then has increased the share based payments charge to £0.27m in 2014.

These adjustments lead to a statutory loss after tax of £1.3m, compared to a loss of £0.6m in 2013.

DIVISIONAL PERFORMANCE

SPORT & GAMING DIVISION

	2014 £'000	***Change %***	**2013 £'000**
Revenue	7,268	*18%*	6,152
Adjusted EBITA*	1,934	*34%*	1,439
Margin	*27%*		*23%*

The 18% increase in revenue in the Sport & Gaming division has been largely driven by the expansion of the iGaming Business Affiliate conferences into some new markets and the London and Amsterdam events moved to larger venues. In addition, digital subscriptions revenue grew as a result of subscribers moving to digital subscriptions and the development and launch of new premium services such as the new Rights Tracker data visualisation tool and strong growth in *TV Sports Markets* and *Sport Sponsorship Insider*.

Margins again improved as a result of increasing the scale of the live events and the high marginal profits accrued from additional digital subscription revenues, driving a 34% increase in divisional EBITA.

EDUCATION DIVISION

Continuing Operations	**2014 £'000**	***Change %***	**2013 £'000 Restated**
Revenue	3,536	*-9%*	3,898
Adjusted EBITA*	(415)	*205%*	(136)
Margin	*-12%*		*-3%*

The table above excludes the results of the Incentive Plus business which was sold on 15 October 2014 – see note 10.

In 2014 this division has made some fundamental changes. During the course of the year the leadership of the division was strengthened with a new Managing Director, a new Sales Director and a new Director of Product Strategy. The business offering has also been changed significantly and is now focused on three core services: an online subscription Knowledge Centre, an online subscription Training service and a suite of live events.

These services have been the product of considerable investment, particularly in the online product portfolio. Optimus In-House Training was launched in 2014 to provide a new specialist digital professional education service to support the continuing development of teaching and management skills throughout the school. The new Knowledge Centre has consolidated and streamlined our digital compliance and information services for middle and senior leaders in schools. These subscription services are complemented by the highly successful range of Optimus conferences which enable senior and middle school leaders to keep updated and share best practice. These live events continued to trade well in 2014.

Overall, the division continues to be in transition and revenues declined due to the loss of customers associated with legacy print products and reduced book sales. We continue to be excited by the prospects for the digital products in which we have invested.

HEALTH DIVISION

Continuing Operations	**2014 £'000**	***Change %***	**2013 £'000 Restated**
Revenue	2,820	*-10%*	3,150
Adjusted EBITA*	(60)	*-134%*	175
Margin	*-2%*		*6%*

The table above excludes the results of the Sports Performance businesses which was sold on 30 May 2014, and Radcliffe Solutions Ltd which was sold on 28 January 2015 – see note 10.

The priorities of the Health division have been to improve the digital infrastructure of the Radcliffe and Speechmark books businesses while developing new digital products to enhance the range of professional development, therapeutic and diagnostic products. The publishing infrastructure of both businesses was improved by the closure of the Milton Keynes office and relocation into one office, investment in the modernisation of digital distribution systems for e-books and investment in print on demand capability which we expect to be implemented in 2015.

During the course of 2014 Radcliffe Publishing streamlined its front-list into three areas of focus: medical professional development, academic and student exam support. In Speechmark the publishing team was strengthened and an investment made into a new range of digital speech therapy products. Overall sales and profitability in the division fell due to lower sales of non-book products and investments in digital product development.

CENTRAL COSTS

These costs represent central group costs which are not directly related to any particular Division and are therefore not included in their results. They include Board fees and costs related to being both a PLC and a Group.

	2014 £'000	***Change %***	**2013 £'000**
Adjusted EBITA*	(774)	*+5%*	(740)
As % of Group revenue from continuing operations	6%		*6%*
Net interest payable	(35)		(45)

The Group has maintained its central costs at 6% of Group revenues. The majority of investments made by the Group to date have been directly related to the trade of the divisions and hence been recharged to them, but during 2014, the Group has made further central investments in the area of digital product development.

Net interest payable is consistent year on year with the reduction in the Group's debt due to loan repayments made in 2013 and 2014.

Julian Turner
Chief Executive
20 February 2015

Electric Word plc
OPERATING AND FINANCIAL REVIEW
For the year ended 30 November 2014

SUMMARY ADJUSTED RESULTS

Total Group **Continuing operations**	**2014** **£'000**	***Change*** ***%***	**2013** **£'000** **Restated**
Total Group			
Revenue	**13,624**	*3%*	13,200
Adjusted EBITA*	**685**	*-7%*	738
Margin	***5%***		*6%*
Net interest charge	**(35)**		(45)
Adjusted profit before tax from continuing operations*	**650**	*-6%*	693

** A reconciliation of the adjusted figures is set out in note 5. Adjusted figures are presented to allow shareholders to gain a further understanding of the trading performance of the Group. Profits are adjusted for items not perceived by management to be part of the underlying trends in the business together with their related tax effect and the profit impact of movements in deferred tax balances.*

Acquisition-related and restructuring credits and costs
In 2014, a restructuring charge of £84,000 has been incurred primarily relating to the cost of making major changes to the Education senior management and content teams in order to meet the needs of the business and its customers.

Impairment charges and reduction to goodwill
Impairment charges of £778,000 have been booked in 2014. These have been classified as discontinued as they comprise £414,000 and £364,000 in impairments recognised on Radcliffe Solutions Ltd's goodwill and intangible assets respectively.

Capital expenditure
During the year, the Group has invested an additional £511,000 in web development and enhancing its digital products (2013: £493,000). The majority of web development spend this financial year has concentrated on launching major enhancements to the Education subscriptions website, the launch of new digital products for Speechmark, and the creation of a new digital subscription product in Sports Business.

Debt and cash flow
In May 2014, the Group secured additional lending of £200,000 from its lending bank to fund its continued investment programme.
Net debt (note 28) at 30 November 2014 was £389,000 (2013: net debt of £12,000). The Group has gross bank debt (note 19) of £389,000 at November 2014 (2013: £475,000). Of this, £225,000 is being repaid over periods to November 2015, £161,000 is being repaid over periods to May 2017 and £3,000 is repayable on demand.

Cash conversion rate

£'000	**2014 £'000**	**2013 £'000 Restated**
Cash from operating activities before interest and tax	500	701
Net cash outflow from restructuring costs	84	196
Adjusted cash from operating activities before interest and tax	584	897
Adjusted EBITA	685	738
Adjusted cash conversion of operating profits for year	*85%*	*122%*

The high cash conversion rate in 2013 was primarily a result of significant pre-billing and cash collection of 2014 events during 2013. This year, the relatively late timing of the Barcelona 2014 iGaming event coupled with the earlier timing of the London 2015 event has reduced the amount of cash that was invoiced and collected at year end compared to the prior year, thereby impacting on cash conversion. These changes of dates have also affected deferred income compared to 2013.

In addition, Group cash flow has been impacted by a new £200,000 bank loan, loan repayments of £289,000 and the payment of £303,000 of dividends to the minority shareholder of iGaming Business Ltd.

Earnings per share

Statutory diluted earnings per share are 0.33p loss (2013: 0.18p loss). Adjusted diluted earnings per share (calculated using adjusted profit from continuing operations) are 0.08p (2013: 0.11p) reflecting the net impact of trading performance and investments made during the year as noted in the Business and Performance Review section of the Strategic Report.

Dividends

The Directors have not proposed a dividend to be paid in respect of 2014 (2013: £nil).

William Fawbert
Finance Director
20 February 2015

Executive Directors

Julian Turner
Julian Turner, aged 53, led the flotation of Electric Word plc as Chief Executive in March 2000. He was previously the Director of Marketing of Euromoney Institutional Investor plc for three years. This followed five years at Guardian Newspapers Limited, where he had commercial management roles in the Product Development Unit, Guardian Magazines and Wired Magazine (UK). Before starting his career in subscription-based publishing he spent four years in postgraduate research in medieval English political history.

William Fawbert
William Fawbert, aged 43, joined Electric Word in January 2013 and was appointed to the board on 15 February 2013. He joined from Right Management, the career and talent management consultancy business within ManpowerGroup Inc where he held various senior managerial, operational and finance roles during his ten year tenure. This followed two years as CFO of a VC backed software company and seven years with KPMG where he qualified as a chartered accountant.

Non-Executive Directors

Andrew Brode (Chairman)
Andrew Brode, aged 74, a chartered accountant is also a member of the Audit Committee. Andrew was chief executive of Wolters Kluwer (UK) Plc between 1978 and 1990. In 1995, he led the management buy-in of RWS Holdings plc, Europe's largest technical translations group, and now an AIM-listed company where he is Executive Chairman. Andrew is non-executive Chairman of Learning Technologies Group plc (an AIM listed e-learning group), a non-executive director of Vitesse Media plc and also a non-executive director of a number of private companies.

Stephen Routledge
Stephen Routledge, aged 51, is an investment banker in the media industry. Stephen chairs the Audit Committee and sits on the Remuneration Committee. After a career at Lazard and HSBC he founded Trillium Partners in 2003. Trillium Partners is a specialist media industry advisory house which acts for public and private clients on a range of corporate finance transactions. Stephen is a law graduate and a chartered accountant. Stephen joined the Electric Word Board of directors in September 2006.

Henrietta Marsh
Henrietta Marsh, aged 55, has been nominated by Livingbridge (a shareholder) to be appointed to the Electric Word board. She chairs the Remuneration Committee. Henrietta is also an independent non executive director and chair of the remuneration committee at Acal plc and an independent non-executive and chair of the remuneration committee at Alternative Networks plc. She was the founder chairman of the AIM VCT Managers Group and is a member of the London Stock Exchange’s AIM Advisory Group. Formerly, she was responsible for AIM investment at Livingbridge and was a director of 3i plc, where she worked as a fund manager. She has an MA in Mathematics from Cambridge University and an MBA from INSEAD.

Electric Word plc

DIRECTORS' REPORT

For the year ended 30 November 2014

The Directors present their Annual Report on the affairs of Electric Word plc (the "Company") and its subsidiaries (the "Group" or "Electric Word"), together with the audited consolidated Financial Statements for the year ended 30 November 2014 ("financial statements").

PRINCIPAL ACTIVITIES

The Group is a specialist media provider supporting professional education, compliance and management through a wide range of digital, paper and live formats to three market-facing divisions: Education, Health and Sport & Gaming.

The principal activity of the Company is that of a holding company.

BUSINESS REVIEW

Information that forms part of the Business Review is found in the Strategic Report on pages 6 to 14.

RESULTS AND DIVIDENDS

The Group loss for the financial year amounted to £1,289,000 (2013: loss of £614,000) of which £116,000 profit (2013: £119,000 profit) is attributable to the non-controlling interest. The Directors have not recommended a dividend (2013: £nil).

EVENTS SINCE THE BALANCE SHEET DATE

As described in note 10, on 28 January 2015, Radcliffe Solution Ltd was disposed of for consideration of £125,000 less a working capital adjustment to be determined at a later date. At the balance sheet date, the assets and liabilities of Radcliffe Solutions Ltd have been classified as held for sale.

SHARE INFORMATION

Substantial shareholdings

Other than the Directors' interests shown below, the Company has been notified of the following substantial interests as at 20 February 2015:

	Number of ordinary shares of 1p each	Percentage of issued share capital
Livingbridge (formerly ISIS Equity Partners LLP)	112,657,540	27.6%
Stewart Worth Newton	103,873,524	25.5%
Nigel William Wray	73,282,269	18.0%
Henderson Global Investors	18,583,333	4.6%
LGT Capital Management	16,000,000	3.9%

Share capital

As at 30 November 2014, the Company's issued share capital comprised 407,590,795 ordinary shares with a nominal value of 1p each. Details of the authorised and issued share capital are given in note 24 of the financial statements, together with movements in the issued share capital during the year.

Shares held by Employee Benefit Trust

As at 30 November 2014, 1,265,852 (2013: 1,323,580) ordinary shares with a nominal value of 1p each were held through an Employee Benefit Trust, representing 0.3% (2013: 0.3%) of the issued share capital of the Company.

Purchase of own shares

At the end of the year the Directors had authority, under a shareholders' resolution passed on 6 September 2012, to purchase through the market up to 10% (2013: 10%) of the Company's issued ordinary shares. No purchases were made in either 2013 or 2014.

DIRECTORS AND THEIR INTERESTS
The following Directors have held office during the year:

JJC Turner
W Fawbert
A Brode
S Routledge
H Marsh (appointed 1 January 2014)

The Directors at 30 November 2014 and their interests in the ordinary share capital of the Company are as follows:

	At 30 November 2014	At 30 November 2013
JJC Turner	12,650,275	12,650,275
W Fawbert	-	-
A Brode	7,200,000	7,200,000
S Routledge	-	-
H Marsh	-	-

No Director had an interest in the shares of any subsidiary company.

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES
Principal business risk and uncertainties are presented as part of the Strategic report on pages 8 to 9.

CREDITOR PAYMENT AND POLICY
The Company's policy, which is also applied by the Group, is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with their standard payment practice whereby all outstanding trade accounts are settled within the terms agreed with the supplier at the time of supply or otherwise 30 days from the receipt of the relevant invoice.

Trade creditor days at 30 November 2014 for the Group were 41 days (2013: 51 days).

POLITICAL AND CHARITABLE DONATIONS
The great majority of the value that the Company donates to the service of charitable and community organisations is by enabling employees to make their time and skills available to support them. In addition, the Company makes regular contributions to charities selected by an employees' committee, which in 2014 amounted to £2,000 (2013: £2,000). The Company made no political donations (2013: £nil).

EMPLOYMENT POLICY
Quality and integrity of personnel
The integrity and competence of personnel is ensured through high recruitment standards and a commitment to management and business skills training. High quality personnel are seen as an essential part of the control environment and the high ethical standards expected are communicated by management leadership and through the employee handbook provided to all employees. All staff have biannual development and appraisal meetings with their direct line managers to help ensure sufficient direction and standards are set and an annual staff survey is conducted to gauge morale and buy-in to the Group.

Employees are actively encouraged to be engaged and involved in the Group's activities by a combination of regular briefings and discussions with their managers, a monthly group-wide briefing by the Chief Executive, an annual Group away day and open access to senior managers and Directors.

Recruitment
The Group is an equal opportunities employer and appoints employees without reference to age, sex, ethnic group or religious belief.

Disabled persons
The group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The Group will also actively seek opportunities for employees who become disabled to continue in their employment or be trained for other positions in the Group.

Health and safety
It is the objective of the Group to ensure the health and safety of its employees and of any other persons who could be affected by its operations. It is the Group's policy to provide working environments which are safe and without risk to health and provide information, instruction, training and supervision to ensure the health and safety of its employees.

GOING CONCERN
Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing the financial statements as described in note 1.

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

AUDITOR
The Group's auditors, KPMG LLP, were appointed in the year and have expressed their willingness to continue in office. A resolution to re-appoint KPMG LLP as auditor will be proposed at the forthcoming Annual General meeting.

CORPORATE GOVERNANCE
The Company's statement on corporate governance can be found in the Corporate Governance Statement on pages 19 to 20 of these financial statements, and forms part of this report by reference.

The Strategic Report and Directors' Report were approved by the Board on 20 February 2015.

By order of the Board
William Fawbert
Company Secretary
20 February 2015

The policy of the Board, recognising that it is accountable to the Company's shareholders to uphold good corporate governance, is to manage the affairs of the Company in accordance with the principles outlined in the UK Corporate Governance Code ("Code"), as well as compliance with the Companies Act 2006, the Listing Rules and the Disclosure and Transparency Rules. The Directors support the principles underlying the requirements insofar as is appropriate for a company the size of Electric Word plc. The statement below sets out how the principles of the Code are applied and the extent of compliance with the relevant provisions

THE BOARD AND ITS COMMITTEES

Board meetings take place monthly and there is contact between meetings as required. The meetings are held to set and monitor strategy, review trading performance and financing, guide business development, examine investment and acquisition possibilities, and approve reports to shareholders. In addition, the Board approves the annual forecast and any re-forecasts. Procedures are established to ensure that appropriate information is communicated to the Board in a timely manner to enable it to fulfil its duties including a monthly Board report with commentary, divisional results and key performance indicators to the end of the previous month. Board and Committee papers are circulated in advance of each meeting together with the agenda.

Details of the Directors who served during the year are set out in the Directors' report. Until 31 December 2013, the Board comprised two Executive and two Non-Executive Directors and on 1 January 2014, a third Non-Executive Director was appointed. Each year one third of the Board, rounded down to the nearest whole number, are subject to re-election by rotation and including those for whom the Annual General Meeting falls closest to the third anniversary of their appointment or their last re-election.

The Board has separate roles for Chairman and Chief Executive and the Chairman is a non-executive.

The Board has an established Audit Committee, which comprises two Non-Executive Directors. The Audit Committee meets at least twice a year. It is responsible for meeting the auditor, reviewing the annual report and accounts before their submission to the Board, ensuring that the financial performance of the Company is properly reported on and monitored, reviewing the recommendations of the auditor on accounting policies, internal control and other findings of the audit, and making recommendations to the Board on the scope of the audit and the appointment of the auditor. The Audit Committee keeps the independence and objectivity of the auditor under review and a formal statement of independence is received from the external auditor each year.

The Board has an established Remuneration Committee, which comprises two Non-Executive Directors. The Remuneration Committee meets at least once a year and reviews the performance of the Executive Directors and the scale and structure of their remuneration having due regard to the interests of the shareholders. The Committee also approves the granting of share options. Details of Directors' remuneration are given in note 4 to the Financial Statements.

The Board has not established a Nomination Committee as it regards the approval and appointment of Directors (whether Executive or Non-Executive) as a matter for consideration by the whole Board.

COMMUNICATION WITH SHAREHOLDERS

The Board encourages regular dialogue with shareholders and any feedback received from investors is shared with the whole of the Board. All shareholders are invited to the AGM at which Directors are available for questioning, both during the formal meeting and before and after for individual discussion. The notice of the AGM is sent to all shareholders at least 21 working days before the meeting. The number of proxy votes received for and against each resolution is disclosed at the AGM and a separate resolution is proposed on each item. Financial and other information about the Company is available on the Company's website (www.electricwordplc.com). Financial results are announced twice each year together with comprehensive trading information by Division and this is presented by the Chief Executive Officer and the Finance Director in face to face meetings (or by call if necessary) with institutional investors, analysts and the media as requested. The Company intends to make a summary of these presentations available in future on the Company's website.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide the Directors with reasonable, and not absolute, assurance against material misstatement or loss. The key principle applied is that the cost of control should not exceed the potential benefits. It is a continuous process to review the risks and consider the necessary controls. The key procedures that have been established and are currently in place with the intention of providing effective internal control are as follows:

- **Management structure** – Each of the Group's divisions are managed by a senior executive who attends a fortnightly meeting of operating managers that also includes the Executive Directors and senior functional leaders.

- **Business planning** – Three year budgets and business plans are prepared annually down to individual profit centre level (individual publishing titles, website, digital products or revenue types within a market sector) and performance is then monitored against those together with any reforecasts prepared through the course of the year to reflect significant change. A consolidation of those is reviewed by the Board and formally approved.

- **Financial reporting** –Performance against budget is monitored monthly down to the level of individual profit centres. Reporting each month includes detailed income statements and cash receipts by profit centre, allowing analysis of revenue, gross margin, and adjusted EBITA margin, together with key performance indicators such as headcount and staff cost, capital expenditure and cash receipts. At a Group level, reporting includes consolidated and divisional results against forecast and prior year with commentary on significant variances, trend analysis of revenue, gross profit and adjusted EBITA, full balance sheet, aged debt and creditor analysis, deferred revenue analysis, 12 month rolling cash flow forecasts and look forward statements against the Bank loan's covenant testing.

- **Internal audit** – The Board has reviewed the need for an internal audit function and has concluded that the Group is not large enough to warrant a full time internal auditor. This function is covered by Management and Finance department reviews of the financial and other reports and operating manager reviews of results at the fortnightly meetings.

- **Group authority framework** – there are clear guidelines maintained as to approval limits for both operational and capital expenditure, and higher value amounts and other key decisions are taken to meetings of the Board for review.

The Board reviews the effectiveness of the systems of internal control and the control environment and carries out an annual review. The most recent review of the major business risks was carried out in January 2015 and the necessary measures to mitigate those risks as far as possible are instigated and regularly monitored by the Board. No significant control deficiencies were reported then or during the year in the Group's standard controls. These controls are applied to acquisitions as soon as is feasibly possible and the acquisitions are brought up to the Group's standards where they are found to be weaker. No weaknesses in internal controls have resulted in any material losses, contingencies or uncertainty which would require disclosure as recommended by the guidance for Directors on reporting on internal controls.

Reporting
The Board recognises its responsibility to present a true and balanced assessment of the Group's position and prospects. The statement of Directors' responsibilities is on page 22 and the disclosure of information to the auditors is set out within the Directors' report on page 18.

This Annual Report contains an assessment of the business and its prospects in the Strategic Report, including a review of the strategy and direction of the Group.

The Directors carefully assess the Group's ability to trade through their regular meetings and have done so at this year end. It is the Directors' view that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Investment appraisal
The Board approves proposals for the acquisition of new businesses and sets guidelines for the launch of new products. Capital expenditure is regulated by strict authorisation controls. Depending on the level of expenditure, detailed written proposals must be submitted either to the Board or the Management Board and reviews carried out to monitor progress against budget.

The Board sets out below its strategy and policies on corporate responsibility and in relation to the impact of its activities on all its key stakeholders and the wider environment. Electric Word has a strong sense of social responsibility and this is reflected through four areas.

PEOPLE

We value a diverse workforce in which people are encouraged to fulfil their potential, and a workplace culture that promotes fairness, rationality, responsibility and the support of personal development. Electric Word has a document which sets out the values and principles by which it expects employees to act, treat each other and be managed. It emphasises the need for social and emotional maturity. All new joiners are requested to read this as part of the interview process and discuss their expectations in relation to that.

Employee participation in the direction and management of the company is encouraged by regular consultation and a major annual review of employee engagement by means of a company-wide staff survey, the results of which are discussed at a meeting of the operating managers and then at an all employees 'away day' meeting. Employees are briefed by the Chief Executive Officer on progress and change across the Group and its businesses at a monthly meeting. A panel of employees also run a Group intranet to provide regular updates on news, available positions being hired, social events and internal competitions.

Media businesses, especially those such as Electric Word which seek to provide higher value information and analysis, are dependent on their employees as they drive content, strength, relevance and the development of new products. The Group therefore places great emphasis on attracting, retaining and motivating high quality employees. We therefore seek to provide a healthy work place culture, a strong sense of ownership through openly shared and discussed strategy, meritocratic reward structures to align employee goals with those of their business and appropriate developmental resources to develop and train staff to enable them to progress their careers.

CONTENT

We view the quality of our content as fundamental to the value we provide for our customers. This ultimately depends on the skills and professionalism of our employees.

COMMUNITY

Since its inception, Electric Word has always seen itself as part of a broader community. The Group encourages broader community participation by its employees and especially in the markets in which it operates (for example our staff includes several school governors). We offer time off to facilitate such involvement and support with other resources where appropriate. We run an annual internship programme for enterprise education and run a company charity fund which makes quarterly donations determined by a panel of employees. We continue to look for ways that the Group and its staff can contribute to the community, particularly when these reflect our principal market sectors of education, health and sport.

ENVIRONMENT

We are aware of the potential impact on the environment of the Group's activities and recognise our responsibility to the environment, particularly with regard to the use of paper, print, packaging and distribution, disposal of waste and recycling, and in reducing our carbon footprint primarily in consumption of energy. Our policy recognises that good environmental practice needs to be part of how we do business every day – we work to minimise waste, use our resources efficiently and encourage all of our staff to consider their responsibilities.

Purchase of paper and printing, packaging and distribution of products – paper and print production in our publications are sourced from Chain-of-Custody certified manufacturers, operating within international environmental standards such as ISO14001 and EMAS, which ensures sustainable sourcing of the raw materials and production to minimise our carbon footprint. Our magazine paper and print suppliers implement environmental management systems that source vegetable based inks, target reduced energy consumption, mixed waste recycling and achieve zero waste to landfill.

Disposal of waste and recycling – we run a recycling initiative across the Group's premises and this continues to ensure that a large proportion of office waste is recycled, including all toner cartridges and computer equipment. All of our recycling is handled by a company that is ISO 14001, ISO9001 and Carbon Smart Gold accredited and is handled in Europe.

Energy consumption – we have a drive across the businesses led by the Group IT and HR managers to review and limit energy consumption as far as possible. This includes basic steps such as turning off monitors not in use and efficient use of heating / cooling systems. During 2014, we have also progressed our server virtualisation project and reduced the number of physical servers used by the company, thereby reducing electricity consumption.

Electric Word plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

For the year ended 30 November 2014

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, www.electricwordplc.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIC WORD PLC
For the year ended 30 November 2014

We have audited the financial statements of Electric Word Plc for the year ended 30 November 2014 set out on pages 24 to 59. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2014 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 EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Mike Woodward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London, EC4Y 8BB

20 February 2015

Electric Word plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 November 2014

	Notes	2014 £'000	2013 £'000 Restated
CONTINUING OPERATIONS			
Revenue	*2*	**13,624**	13,200
Cost of Sales – Direct costs		**(5,106)**	(4,714)
Cost of Sales – Marketing expenses		**(1,127)**	(1,497)
GROSS PROFIT	*2*	**7,391**	6,989
Other operating expenses	*8*	**(6,893)**	(6,138)
Restructuring costs	*5*	**(84)**	(196)
Acquisition-related credits	*5*	**-**	44
Depreciation expense	*8*	**(83)**	(86)
Amortisation expense	*8*	**(636)**	(865)
Impairment charges	*8*	**-**	(674)
Total administrative expenses		**(7,696)**	(7,915)
OPERATING LOSS		**(305)**	(926)
Finance costs	*6*	**(35)**	(51)
Finance income	*7*	**-**	6
LOSS BEFORE TAX	*8*	**(340)**	(971)
Taxation	*9*	**74**	652
LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		**(266)**	(319)
DISCONTINUED OPERATIONS			
LOSS FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATIONS, NET OF TAX	*10*	**(1,023)**	(295)
LOSS FOR THE FINANCIAL YEAR		**(1,289)**	(614)
Attributable to:			
- Equity holders of the parent		**(1,405)**	(733)
- Non-controlling interest		**116**	119
TOTAL COMPREHENSIVE LOSS		**(1,289)**	(614)
LOSS PER SHARE			
From continuing and discontinued operations			
Basic	*11*	**(0.35)p**	(0.18)p
Diluted	*11*	**(0.33)p**	(0.18)p
From continuing operations			
Basic	*11*	**(0.09)p**	**(0.11)p**
Diluted	*11*	**(0.09)p**	**(0.11)p**

2013 results have been restated to show the effect of operations which have been discontinued in the current period.

Of the loss for the financial year from discontinued operations, £1,023,000 (2013: £295,000) is attributable to equity holders of the parent and £nil (2013: £nil) is attributable to the non-controlling interest.

The notes on pages 28 to 59 form part of these financial statements.

Electric Word plc

CONSOLIDATED GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 November 2014

GROUP	Share capital £'000	Share premium account £'000	Merger reserve £'000	Reserve for own shares £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 December 2012	3,996	7,452	105	(123)	(3,200)	8,230	249	8,479
Total comprehensive income	-	-	-	-	(733)	(733)	119	(614)
	3,996	7,452	105	(123)	(3,933)	7,497	368	7,865
Dividend paid by subsidiary	-	-	-	-	-	-	(100)	(100)
Share issues	72	79	-	-	-	151	-	151
Share based credits	-	-	-	-	(27)	(27)	-	(27)
At 30 November 2013	**4,068**	**7,531**	**105**	**(123)**	**(3,960)**	**7,621**	**268**	**7,889**
Total comprehensive income	-	-	-	-	(1,405)	(1,405)	116	(1,289)
Tax credited directly to equity (note 16)	-	-	-	-	112	112	-	112
	4,068	7,531	105	(123)	(5,253)	6,328	384	6,712
Dividend paid by subsidiary	-	-	-	-	-	-	(303)	(303)
Share issues	8	-	-	-	-	8	-	8
Share based payments	-	-	-	-	270	270	-	270
At 30 November 2014	**4,076**	**7,531**	**105**	**(123)**	**(4,983)**	**6,606**	**81**	**6,687**

COMPANY	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 December 2012	3,996	7,452	(5,471)	5,977
Total comprehensive income	-	-	(686)	(686)
	3,996	7,452	(6,157)	5,291
Share issues	72	79	-	151
Share based payments	-	-	(27)	(27)
At 30 November 2013	**4,068**	**7,531**	**(6,184)**	**5,415**
Total comprehensive income	-	-	(2,569)	(2,569)
Tax credited directly to equity (note 16)	-	-	112	112
	4,068	7,531	(8,641)	2,958
Share issues	8	-	-	8
Share based payments	-	-	270	270
At 30 November 2014	**4,076**	**7,531**	**(8,371)**	**3,236**

The notes on pages 28 to 59 form part of these financial statements.

Electric Word plc

CONSOLIDATED GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 November 2014 Company registration number 3934419

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**£'000**	£'000	**£'000**	£'000
ASSETS					
Non-current assets					
Goodwill	*12*	**4,869**	5,283	**-**	-
Other intangible assets	*13*	**1,754**	2,399	**23**	67
Property, plant and equipment	*14*	**24**	100	**23**	97
Investments	*15*	**-**	-	**6,380**	6,860
Deferred tax assets	*16*	**1,804**	1,547	**248**	64
		8,451	9,329	**6,674**	7,088
Current assets					
Inventories	*17*	**1,267**	1,660	**-**	-
Trade and other receivables	*18*	**2,777**	3,449	**6,729**	6,818
Cash and cash equivalents	*28*	**-**	463	**152**	379
		4,044	5,572	**6,881**	7,197
Assets classified as held for sale	*10*	**81**	-	**-**	-
Total current assets		**4,125**	5,572	**6,881**	7,197
TOTAL ASSETS		**12,576**	14,901	**13,555**	14,285
EQUITY AND LIABILITIES					
Capital and Reserves					
Called up ordinary share capital	*24*	**4,076**	4,068	**4,076**	4,068
Share premium account		**7,531**	7,531	**7,531**	7,531
Merger reserve		**105**	105	**-**	-
Reserve for own shares	*25*	**(123)**	(123)	**-**	-
Retained earnings		**(4,983)**	(3,960)	**(8,371)**	(6,184)
Equity attributable to equity holders of the parent		**6,606**	7,621	**3,236**	5,415
Non-controlling interest	*26*	**81**	268	**-**	-
TOTAL EQUITY		**6,687**	7,889	**3,236**	5,415
Non-current liabilities					
Borrowings	*19*	**94**	350	**94**	350
Deferred tax liabilities	*16*	**178**	290	**-**	-
		272	640	**94**	350
Current liabilities					
Borrowings	*19*	**295**	125	**292**	125
Current tax liabilities		**61**	21	**-**	-
Trade payables and other payables	*20*	**2,543**	2,985	**9,873**	8,395
Provisions	*22*	**60**	127	**60**	-
Deferred income	*21*	**2,481**	3,114	**-**	-
		5,440	6,372	**10,225**	8,520
Liabilities associated with assets classified as held for sale	*10*	**177**	-	**-**	-
Total current liabilities		**5,617**	6,372	**10,225**	8,520
TOTAL LIABILITIES		**5,889**	7,012	**10,319**	8,870
TOTAL EQUITY AND LIABILITIES		**12,576**	14,901	**13,555**	14,285

The notes on pages 28 to 59 form part of these financial statements.

These financial statements on pages 24 to 59 were approved by the Board of Directors and authorised for issue on 20 February 2015 and are signed on its behalf by:

Julian Turner
Chief Executive

William Fawbert
Finance Director

Electric Word plc

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the year ended 30 November 2014

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**£'000**	£'000	**£'000**	£'000
(Loss) / profit for the financial year		**(1,289)**	(614)	**(2,569)**	(686)
Taxation		**(74)**	(590)	**(72)**	24
Amortisation & impairment expense, reduction in goodwill	*12,13*	**1,470**	1,596	**524**	590
Depreciation	*14*	**88**	112	**85**	88
Loss from disposal of property, plant and equipment	*8,14*	**-**	3	**-**	1
Loss on disposal of intangible assets	*8,13*	**-**	50	**-**	-
Profit on disposal of discontinued operations	*27*	**(4)**	-	**-**	-
Finance costs		**35**	51	**35**	51
Finance income		**-**	(6)	**-**	(6)
Share based payment charges / (credits)	*8*	**270**	(27)	**270**	(27)
Operating cash flows before movement in working capital		**496**	575	**(1,727)**	35
Decrease / (increase) in inventories		**343**	(12)	**-**	-
Decrease / (increase) in receivables		**598**	(731)	**89**	(2,721)
(Decrease) / increase in payables		**(937)**	869	**1,538**	2,912
Cash flow from operating activities before interest and tax		**500**	701	**(100)**	226
Interest paid	*6*	**(35)**	(46)	**(35)**	(46)
Taxation paid		**(144)**	(124)	**-**	(121)
Cash inflow / (outflow) from operating activities		**321**	531	**(135)**	59
INVESTING ACTIVITIES					
Deferred consideration paid	*27*	**-**	(81)	**-**	(81)
Purchase of property plant and equipment	*14*	**(12)**	(112)	**(11)**	(110)
Purchase of intangible assets	*13*	**(511)**	(520)	**-**	(1)
Proceeds from disposal of discontinued operations	*27*	**120**	-	**-**	-
Proceeds from disposal of property, plant and equipment	*14*	**-**	5	**-**	5
Interest received	*7*	**-**	6	**-**	6
Net cash used in investing activities		**(403)**	(702)	**(11)**	(181)
FINANCING					
Proceeds from issuance of ordinary shares	*24*	**8**	151	**8**	151
Costs of issuing shares		**-**	-	**-**	-
Proceeds of new borrowings	*28*	**200**	-	**200**	-
Repayments of borrowings	*28*	**(289)**	(400)	**(289)**	(400)
Payment of dividend to minority interest		**(303)**	(100)	**-**	-
Net cash from financing activities		**(384)**	(349)	**(81)**	(249)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(466)**	(520)	**(227)**	(371)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**463**	983	**379**	750
CASH AND CASH EQUIVALENTS AT END OF YEAR	*28*	**(3)**	463	**152**	379

The notes on pages 28 to 59 form part of these financial statements.

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. There have been no changes to accounting policies in the period.

BASIS OF PREPARATION
The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (“IFRS”), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of the Group and the Parent Company have been prepared under the historical cost convention and in accordance with applicable accounting standards. As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented for the Company. The Company’s loss for the year was £2,569,000 (2013: £686,000 loss).

Operating profit is defined as profit before tax but excluding net finance and related costs and investment income.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 December 2013:
(a) New and amended standards adopted by the Group:

- IFRS 9 ‘Financial instruments’, (effective 1 January 2013).
- IFRS 10 ‘Consolidated financial statements’ (effective 1 January 2013).
- IFRS 12 ‘Disclosures of interests in other entities’ (effective 1 January 2013)
- IFRS 13 ‘Fair value measurement’ (effective 1 January 2013).

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 December 2013 but not currently relevant to the Group:

- IFRS 11 ‘Joint Arrangements’ (effective 1 January 2013).

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 December 2013 and not early adopted:

- IAS 27 (Revised) ‘Separate financial statements’ (effective 1 January 2014).
- IFRS 15 ‘Revenue from contracts with customers’, (effective 1 January 2017).

The Directors have not yet formed an opinion on whether the adoption of these standards will have a material impact on the financial statements of the Group.

GOING CONCERN
The Group has made a loss for the year of £1,289,000 (2013: £614,000) and has net assets of £6,687,000 (2013: £7,889,000); notwithstanding this it has a net current liabilities position at 30 November 2014 of £1,492,000 (2013: £800,000). The level of bank debt has however reduced to £389,000 (2013:£475,000). The Directors have prepared group cash flow forecasts for the period ending 30 November 2017, which take into account known factors in the business including the expected impact of moving offices in 2015. These forecasts indicate that the Group will continue to meet its liabilities and bank debt requirements as they fall due for the foreseeable future. The business is currently trading in line with these forecasts. In the event of forecast trading levels not being met due to a weaker economic climate than forecast, the Directors have the scope to take further actions to enable the group to meet its liabilities as they fall due for the foreseeable future and for it to remain within its financial covenants and financial facilities. On this basis the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

BASIS OF CONSOLIDATION
(i) Business combinations

The Group has applied IFRS 3 *Business Combinations* (2008) in accounting for business combinations, together with IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of interests in other entities*. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable

1. ACCOUNTING POLICIES (continued)

Acquisitions on or after 1 January 2010
For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 December 2006 and 1 January 2010
For acquisitions between 1 December 2006 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. If the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 December 2006 (date of transition to IFRS)
As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 December 2006. In respect of acquisitions prior to 1 December 2006, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 *Consolidated and Separate Financial Statements* (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. ACCOUNTING POLICIES (continued)

GOODWILL
Goodwill arising on the acquisition of subsidiary companies and businesses is calculated as the excess of the purchase consideration over the fair value of net identifiable assets and liabilities at the date of acquisition. It is recognised as an asset at fair value, assessed for impairment at least annually and subsequently measured at cost less accumulated impairment losses. Where an impairment test is performed a discounted cash flow analysis is carried out based on the cash flows of the cash generating unit compared with the carrying value of that goodwill. Management estimate the discount rates as the risk affected cost of capital for the particular businesses. Any impairment is recognised immediately in the Income Statement.

Upon disposal, the attributable carrying value of goodwill is included in the calculation of the profit or loss on disposal.

INTANGIBLE ASSETS
Intangible assets mainly comprise publishing (book and magazine) titles, which are initially stated at cost. For business combinations, fair value is calculated based on the Group's valuation methodology, using discounted cash flows. These assets are amortised on a straight line basis over their estimated useful lives, which tend to be 3 to 10 years for book and magazine lists, 4 years for customer databases and 3 years for other intangible assets, including customer relationships and contacts.

Software which is not integral to a related item of hardware and web site design are also recognised as intangible assets. Capitalised internal-use software and web site design costs include external direct costs of materials and services consumed in the development or purchase, use of dedicated contractors, and payroll and related costs for employees who are directly associated with or who devote substantial time to the project. Capitalisation of these costs ceases when the project is substantially complete and ready for its internal purpose. These costs are amortised over their expected useful life deemed to be two to four years.

The expected useful lives of intangible assets are reviewed annually. All amortisation charges are taken to amortisation expense and all impairment charges (note 8) are taken to impairment expense on the face of the income statement.

CONTINGENT CONSIDERATION
Contingent consideration relating to acquisitions is included in provisions based on management estimations of the most likely outcome. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

PROPERTY, PLANT AND EQUIPMENT
Property and equipment is recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost of an asset, less its estimated residual value, over its estimated useful economic life. On disposal of an asset the difference between the proceeds and residual net book value at that time is taken to the income statement as a gain or loss on disposal.

The rates of depreciation are as follows:

Fixtures, fittings and equipment	30% reducing balance
Computer equipment	50% straight line
Leasehold property improvements	over term of lease

The assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by accounting standards. Impairment losses are recognised in the income statement.

INVESTMENTS
The Company's shares in subsidiary undertakings are considered long-term investments and are classified as non-current assets. All investments are stated at cost. Provision is made for any impairment in the value of non-current asset investments where events or changes in circumstances indicate the carrying value may not be recoverable.

INVENTORIES
Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and expenses incurred in bringing the inventory to its present condition and location measured on a first in, first out basis. Net realisable value represents the estimated selling price less costs expected to be incurred in the sale. Work in progress includes costs (excluding promotional costs) incurred for books not yet published at the balance sheet date. Provision is made for obsolete and slow moving items.

1. ACCOUNTING POLICIES (continued)

IMPAIRMENT
The Group and Company review the carrying amounts of their assets for potential impairment on at least an annual basis. If management believe their value to be impaired the value is written down and a loss is taken to the income statement.

BORROWING COSTS
Finance costs are recognised in the income statement in the period in which they are incurred. Arrangement fees in relation to loans are capitalised and expensed over the term of the loan.

FOREIGN CURRENCIES
Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates of exchange ruling at that date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences on translation are disclosed in the Income Statement. The functional currency for the Group is pounds sterling (GBP).

LEASED ASSETS AND OBLIGATIONS
Where assets are financed by leasing agreements that give rights approximating to ownership (‘finance leases’), the assets are treated as if they had been purchased outright. The assets are capitalised at their fair value or, if lower, at the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Income Statement in proportion to the remaining balance outstanding.

All other leases are ‘operating leases’ and the annual rentals are charged to the income statement on a straight-line basis over the lease term.

TAXATION
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the rates enacted and substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

PENSION COSTS
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from the individual companies. The pension charge associated with the scheme represents contributions payable.

1. ACCOUNTING POLICIES (continued)

SHARE BASED PAYMENTS
The Group issues equity-settled share based payments to certain employees. A fair value for the equity-settled share awards is measured at the date of the grant. The fair value is measured using either the Black Scholes or Monte Carlo methods of valuation, which are considered to be the most appropriate valuation techniques. The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will actually vest. The estimate of vesting is reviewed annually, with any impact on the cumulative charge being recognised immediately.

Amounts to be settled in shares are presented within Equity, representing the expected time-apportioned fair value of the awards that are expected to vest.

REVENUE
Revenue represents the value, net of Value Added Tax, of subscription income, events income and other income and is recognised in the Income Statement as services are performed with that portion relating to subsequent years included in deferred revenue.

Subscription revenue is deferred and recognised over the term of the subscription as the obligation is met. Conference, training and exhibition revenue is deferred and recognised when the event is held. Advertising revenue is deferred and recognised over the period of the advertising being displayed or in the month of issue where print. Book and report revenue is recognised on dispatch of the product. Other revenue such as commerce, consultancy and contract publishing are recognised as goods and services are delivered.

FINANCIAL ASSETS
Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified by Management upon initial recognition dependent upon purpose for which they were acquired between: loans and receivables, financial assets at fair value through profit or loss, held to maturity investments, and available-for-sale investments.

Effective interest method
This is a method of calculating the amortised cost of a financial asset and liabilities and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial asset. Income is recognised on an effective basis for all debt instruments within the Group.

Loans and receivables
Trade receivables, loans and other receivables, are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents
These comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible (with a maturity of three months or less) to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

1. ACCOUNTING POLICIES (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. A specific provision will also be raised for trade receivables 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 or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in the income statement.

Derecognition of financial assets
The Group recognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured at the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Borrowings
Interest-bearing loans and overdrafts are recorded at fair value net of direct issue costs and subsequently at amortised cost. Premiums, payable on settlement or redemption, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables and other financial liabilities
Trade payables and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1. ACCOUNTING POLICIES (continued)

OWN SHARES
Own shares deducted in arriving at Equity represent the cost of the Company's ordinary shares acquired by the Employee Share Option Plan trusts in connection with certain of the Group's employee share schemes.

PROVISIONS
A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation which can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
Within the consolidated and company financial statements there are a number of areas where management has to include their best estimate of likely outcomes based on their first hand knowledge of the markets and situation. The preparation of consolidated and company financial statements will require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated and company financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were:

- Valuation and asset lives of intangible assets – which are based on management's considered opinion of what has been bought and what value it is to the Group in the future. Valuation methodologies include the use of discounted cash flows, revenue and profit multiples, whilst asset lives are estimated on the type of asset acquired and range between three and ten years;
- Impairment of assets – assets are subject to at least annual impairment reviews and testing, and the running of these tests and the numbers that form part of them will be based as far as possible on actual known results but will by nature include predictions of future outcomes. The asset carrying values are compared to estimates of the assets' value in use. This value in use is calculated by looking at the cash generating units underlying the assets and management estimating the future cash flows after applying a suitable discount factor. The estimates of future cash flows are based on detailed forecasts produced by management. Assumptions on the goodwill assets are given in note 12;
- Provisioning: both trade receivables for bad debt and inventories for returns and obsolescence are reviewed for potential write down. The provisions created to cover these areas are based on managements' experience and considered opinion of the assets' current value;
- Contingent consideration: provisions are made at the Directors' best estimate of what the consideration will be but as based on future results it can only be assessed on current knowledge and expectations with no certainty. The provisions made are considerably under the maximum amounts which could be payable (note 22);
- Valuation of share based payments – which are calculated from modelling including estimates of non-transferability, exercise restrictions, and behavioural considerations, including such factors as the volatility of the Company's share price. These inputs and the methods are set out in note 29;
- Deferred tax: both assets and liabilities require judgement in determining the amounts to be recognised, in particular the extent to which assets should be recognised in consideration of the timing and level of future taxable income.

2 REVENUE AND COST OF SALES

An analysis of the Group's income from continuing operations is as follows:

	2014	2013
	£'000	£'000
		Restated
Revenue		
Sale of goods	**6,296**	6,642
Rendering of services	**7,328**	6,558
	13,624	13,200
Cost of sales		
Change in inventories of finished goods	**(349)**	105
Raw materials and consumables used	**(4,757)**	(4,819)
Marketing costs	**(1,127)**	(1,497)
	(6,233)	(6,211)
Gross profit	**7,391**	6,989

3 SEGMENTAL ANALYSIS

Segmental information is presented in respect of the Group's business divisions. This format is based on the Group's management and internal reporting structure, as reviewed by the Board when reviewing performance, allocating resources and making strategic decisions.

- **Education (E)**: provides school management and professional development information to professional communities in schools and other institutions;
- **Health (H)**: provides professional education and training products for doctors, healthcare managers, speech therapists, elderly care professionals, and other health professionals.
- **Sport & Gaming (S&G)**: provides insight, data and analysis to the business communities behind sport and online gaming;
- **Central costs (PLC)**: the group function represents central costs which are not directly related to the Divisions' trading and are not recharged. Finance costs and investment income are also included here as these are driven by central policy which manages the cash position across the Group.

Operating profit is defined in note 1. The sector analysis includes the adjusted operating profit (note 5) to allow shareholders to gain a further understanding of the trading performance of the Group and is considered by the Board alongside operating profit and profit before tax to assess performance and review strategy.

As described in note 10, three businesses have been classed as discontinued in the current year. The information in the table below excludes amounts relating to discontinued activities and 2013 comparatives have been restated accordingly.

Analysis by market sector – continuing operations	**Year ended 30 November 2014**					Year ended 30 November 2013 - Restated				
	E	**H**	**S&G**	**PLC**	**Total**	E	H	S&G	PLC	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Revenue	**3,536**	**2,820**	**7,268**	**-**	**13,624**	3,898	3,150	6,152	-	13,200
Adjusted operating (loss) /profit (note 5)	**(415)**	**(60)**	**1,934**	**(774)**	**685**	(136)	175	1,439	(740)	738
Share based payment credits/(charges)	**-**	**-**	**-**	**(270)**	**(270)**	-	-	-	27	27
Restructuring costs	**(98)**	**15**	**(1)**	**-**	**(84)**	39	(167)	(18)	(50)	(196)
Acquisition-related credits	**-**	**-**	**-**	**-**	**-**	-	44	-	-	44
Amortisation of intangible assets	**(122)**	**(301)**	**(168)**	**(45)**	**(636)**	(116)	(290)	(405)	(54)	(865)
Impairment expense	**-**	**-**	**-**	**-**	**-**	(37)	(637)	-	-	(674)
Operating (loss) / profit	**(635)**	**(346)**	**1,765**	**(1,089)**	**(305)**	(250)	(875)	1,016	(817)	(926)
Finance costs	**-**	**-**	**-**	**(35)**	**(35)**	-	-	-	(51)	(51)
Investment income	**-**	**-**	**-**	**-**	**-**	-	-	-	6	6
(Loss) / profit before tax	**(635)**	**(346)**	**1,765**	**(1,124)**	**(340)**	(250)	(875)	1,016	(862)	(971)

3 SEGMENTAL ANALYSIS (continued)

Analysis by market sector – continuing operations	Year ended 30 November 2014					Year ended 30 November 2013 - Restated				
	E	**H**	**S&G**	**PLC**	**Total**	E	H	S&G	PLC	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Depreciation and amortisation	**120**	**301**	**168**	**130**	**719**	100	305	405	141	950
Impairment expense	**-**	**-**	**-**	**-**	**-**	37	637	-	-	674
Expenditure on intangible assets	**211**	**121**	**177**	**-**	**509**	84	161	267	1	513
Expenditure on property, plant and equipment	**-**	**1**	**-**	**11**	**12**	-	1	1	110	112

Analysis by market sector	Assets		Liabilities	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Education	**2,815**	2,642	**5,444**	4,641
Health	**1,114**	2,436	**925**	1,346
Sport & Gaming	**5,205**	4,582	**2,034**	2,039
	9,134	9,660	**8,403**	8,026
Group function	**6,096**	7,257	**1,316**	1,763
Less inter-segment balances	**(4,458)**	(3,563)	**(4,458)**	(3,563)
Gross debt and taxation (current and deferred)	**1,804**	1,547	**628**	786
	12,576	14,901	**5,889**	7,012

There are no inter-segmental sales.

4 EMPLOYEES

The average monthly number of persons (including directors) employed by the Group during the year, analysed by category, was as follows:

	2014 Number	2013 Number
Sales and marketing	**51**	55
Content and production	**55**	60
Administration and management	**33**	33
	139	148

Their aggregate remuneration comprised:

	2014 £'000	2013 £'000
Wages and salaries	**5,510**	5,721
Social security costs	**535**	598
Pension costs	**55**	27
Equity-settled share-based payments and related costs / (credits)	**270**	(27)
	6,370	6,319

This remuneration is included in other operating expenses except for: £362,000 (2013: £430,000) in discontinued operations, £240,000 (2013: £235,000) included in cost of sales – direct costs; £155,000 (2013: £165,000) included in cost of sales – marketing expenses; £74,000 (2013: £26,000) included in restructuring costs; £nil (2013: £179,000) capitalised in the inventory for book development and £328,000 (2013: £419,000) capitalised in intangible fixed assets for web site development.

4 EMPLOYEES (continued)

The Group considers that the Board of Directors are the key management personnel. Their remuneration is summarised below:

Directors' emoluments	Salaries and fees £'000	Pension £'000	**30 November 2014 £'000**	30 November 2013 £'000
Executive Directors				
J Turner	146	3	**149**	145
Q Brocklebank	-	-	**-**	136
WFawbert	113	1	**114**	101
Non-executive Directors				
P Rigby	-	-	**-**	6
ABrode	30	-	**30**	15
S Routledge	20	-	**20**	11
H Marsh	18	-	**18**	-
	327	**4**	**331**	414

Two Directors (2013: two) are accruing benefits under a defined contribution pension scheme.

No Directors (2013: none) exercised share options in the year and so no gains were made (2013: no gains). The amount for share based payment charges which relates to Directors was £242,000 (2013: £29,000 credit).

At 30 November 2014, shares were receivable under long term incentive schemes in respect of three Directors. On 13 December 2013, the Company updated its share option plan and made new awards of share options (the "2013 Award"). The 2013 Award supersedes the share options granted in 2010 which were due to expire in April 2014 and have now been cancelled. Under the updated option plan, J Turner has a maximum total participation in the 2013 Award of 42,949,586 shares, W Fawbert has a maximum total participation in the 2013 Award of 17,179,834 shares and A Brode has a maximum total participation in the 2013 Award of 10,151,720 shares. In addition, J Turner has 692,267 options under the Long Term Investment Plan.

At 30 November 2013, shares were receivable under long term incentive schemes in respect of one Director (J Turner). These comprised 11,950,000 options under the Share Price Growth Scheme and 692,267 under the Long Term Investment Plan.

The option schemes are defined in note 29.

5 ADJUSTED PROFIT

Adjusted profits are presented to allow shareholders to gain a further understanding of the trading performance of the Group. Profits are adjusted for items not considered by management to be part of the underlying trends in the business together with the related tax effect of those items. The adjustments add back items which have no cash impact or are not trade related and of a non-recurring type.

Adjusted figures exclude amortisation and impairment of goodwill and intangible assets, restructuring and acquisition-related costs, and share based payment costs, as well as the tax impact of those adjusting items and any non-cash tax charges.

As noted in the Strategic Report, the Group has disposed of the Sports Performance and Incentive Plus businesses whilst Radcliffe Solutions Ltd was disposed of post year end. The results of these businesses have therefore been classed as discontinued and excluded from adjusted amounts in both 2014 and 2013 – see note 10. During 2014, the Group has also incurred a restructuring charge of £84,000 related to the Education division.

In 2013, impairment charges relate to a reduction in the carrying value of goodwill and intangible assets primarily related to Radcliffe Publishing. The restructuring charge of £196,000 related to the closure of the Milton Keynes office which took place in 2014, but was committed at 30 November 2013. The acquisition-related credit of £44,000 related to a reduction in provisions held for contingent consideration on the Radcliffe Publishing Limited acquisition.

The 2014 and 2013 restructuring costs, but not the acquisition-related credits or impairments, were considered to be taxable items for corporation tax and thus attributable tax has been included in the period at 21.7% (2013: 23.3%) of their value. All other adjusting items do not have a tax affect on the Group.

5 ADJUSTED PROFIT (continued)

	Note	**2014 £'000**	2013 £'000 Restated
Operating loss for the year from continuing operations		**(305)**	(926)
Amortisation of intangible assets	*8*	**636**	865
Impairment expense	*8*	**-**	674
Acquisition-related credits		**-**	(44)
Restructuring costs		**84**	196
Share based payment charges / (credits)	*8*	**270**	(27)
Adjusting items to operating profit		**990**	1,664
Adjusted operating profit for the year (Adjusted EBITA)		**685**	738
Depreciation	*8*	**83**	86
Adjusted earnings before interest, tax, depreciation and amortisation for the year		**768**	824

Loss before tax for the year from continuing operations		**(340)**	(971)
Adjusting items to operating profit		**990**	1,664
Adjusting items to profit before tax		**990**	1,664
Adjusted profit before tax for the year from continuing operations		**650**	693

Loss for the year attributable to equity holders of the parent		**(1,405)**	(733)
Add back loss for the year from discontinued operations		**1,023**	295
Loss for the year attributable to equity holders of the parent from continuing operations		**(382)**	(438)
Adjusting items to operating profit		**990**	1,664
Attributable tax expense on adjusting items		**(18)**	(47)
Exclude movements on deferred tax assets and liabilities taken to income statement	*16*	**(257)**	(717)
Adjusting items to profit for the year		**715**	900
Adjusted profit for the year		**333**	462

6 FINANCE COSTS

	2014 £'000	2013 £'000
Bank loans and overdrafts	**35**	46
Unwinding of discount on provisions	**-**	5
	35	51

7 FINANCE INCOME

	2014 £'000	2013 £'000
Bank interest receivable	**-**	6

8 LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

	2014 £'000	2013 £'000 Restated
Loss before taxation from continuing operations is stated after charging / (crediting):		
Depreciation and amounts written off property, plant and equipment – owned assets	**83**	86
Amortisation of intangible fixed assets	**636**	865
Impairment charges	**-**	674
Loss from disposal of property, plant and equipment	**-**	3
Loss on disposal of intangible assets	**-**	50
Operating lease rentals:		
– Land and buildings	**112**	144
– Plant and equipment	**4**	9
Share based payment charges / (credits)	**270**	(27)

Other operating expenses as disclosed on the face of the income statement include staff costs (note 4) of £5,211,000 (2013: £4,865,000) and premises costs of £390,000 (2013: £423,000).

Impairment charges in 2013 consist of £537,000 goodwill and £74,000 intangible fixed assets relating to Radcliffe Publishing Ltd; £16,000 leasehold improvement costs associated with the closure of the Milton Keynes office and £47,000 relating to intangible assets following a review of carrying amounts. In 2014, impairment charges of £778,000 have been recognised in respect of Radcliffe Solutions and are included in discontinued operations – see note 10.

Amounts payable to KPMG LLP and their associates in respect of both audit and non-audit services are as follows:

	2014 £'000	2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**31**	35
Fees payable to the company's auditor and its associates for other services:		
– the audit of the company's subsidiaries pursuant to legislation	**44**	47
– other services relating to taxation	**7**	15
– other services	**-**	5
	82	102

Fees in respect of other services in 2013, relate to the iXBRL filing of the Group's tax returns with the HMRC.

9 TAXATION

	2014 £'000	2013 £'000 Restated
Current tax:		
UK corporation tax on profits of the year from continuing operations	**149**	111
Adjustment to prior year	**34**	(46)
Total current tax	**183**	65
Deferred taxation:		
Origination and reversal of timing differences	**(257)**	(747)
Adjustment to prior year	**-**	30
Total deferred tax	**(257)**	(717)
Tax credit on loss on ordinary activities from continuing operations	**(74)**	(652)

UK corporation tax is calculated at 21.7% as 23% for the first four months of the financial year and then 21% for the remainder (2013: 23.3% as 24% for the first four months of the financial year and then 23% for the remainder) of the estimated assessable profit for the year. The net credit of £652,000 recognised in 2013 is principally due to the recognition of deferred tax assets in SBG Companies Ltd in relation to its historic tax losses.

9 TAXATION (continued)

Effective from 1 April 2014, the United Kingdom corporation tax rate reduced from 23% to 21% and a further reduction to 20% will apply from 1 April 2015. The expected changes in the corporation tax rate are reflected in the above table and included as an adjustment to prior year deferred tax.

The total tax charge can be reconciled to the accounting profit as follows:

Factors affecting tax charge for the year	**2014 £'000**	**%**	2013 £'000 Restated	%
Loss on ordinary activities before tax from continuing operations	**(340)**		(971)	
Loss on ordinary activities multiplied at the standard rate of corporation tax in the UK of 21.7% (2013 – 23.3%)	**(74)**	**22**	(226)	23
Effect of:				
(Credits)/charges not deductible for tax purposes	**(31)**	**9**	131	(13)
Recognition of prior year tax losses	**(22)**	**6**	(691)	71
Under provision in prior year	**34**	**(10)**	16	(2)
Change in tax rate	**19**	**(5)**	118	(12)
Tax credit and effective rate for the year	**(74)**	**22**	(652)	67

10 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On 30 May 2014, the Group disposed of the Peak Performance and Sports Injury Bulletin businesses operated through its subsidiary P2P Publishing Ltd for cash consideration of £70,000. The disposal was effected as the businesses were considered non-core to the Group's strategy. These businesses were included within the Health reportable segment.

On 15 October 2014, the Group disposed of the Incentive Plus business for cash consideration of £50,000. This disposal is consistent with the Group's strategy to focus the Education division on digital and live formats. This business was included within the Education reportable segment.

Details of the assets and liabilities disposed of, and the calculation of the profit and loss on disposal, are disclosed in note 27.

On 28 January 2015, the Group disposed of the Radcliffe Solutions business for cash consideration of £125,000 less a working capital adjustment to be determined at a later date. As at 30 November 2014, the net assets of Radcliffe Solutions were classified as assets held for sale after recognising impairment losses of £414,000 relating to Goodwill and £364,000 relating to intangible assets.

The combined results of the discontinued operations (ie Peak Performance, Sports Injury Bulletin, Incentive Plus and Radcliffe Solutions) included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been restated to include those operations classified as discontinued in the current year.

Loss for the year from discontinued activities	**2014 £'000**	2013 £'000
Revenue	**747**	1,435
Expenses	**(996)**	(1,768)
Impairment losses	**(778)**	-
Deferred consideration adjustment	**-**	100
Loss before tax	**(1,027)**	(233)
Attributable tax credit	**-**	(62)
	(1,027)	(295)
Profit on disposal of operation	**4**	-
Loss for the year from discontinued operations	**(1,023)**	(295)

Cash flows from discontinued activities		
Net cash (outflows) / inflows from operating activities	**(203)**	155
Net cash inflows / (outflows) from investing activities	**114**	(82)
Net cash (outflows) / inflows	**(89)**	73

10 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

As noted above, the net assets related to Radcliffe Solutions have been classified as held for sale at 30 November 2014. The major classes of assets and liabilities classed as held for sale are as follows:

	2014 £'000
Intangible assets	**5**
Trade receivables	**42**
Prepayments and accrued income	**33**
Cash and bank balances	**1**
Assets classified as held for sale	**81**
Trade payables	**54**
Other payables	**6**
Accruals	**34**
Deferred income	**83**
Liabilities associated with assets held for sale	**177**
Net liabilities classified as held for sale	**96**

11 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on the following:

	2014 Number	2013 Number
Weighted average number of shares	**406,921,466**	403,388,961
Adjustment in respect of SIP shares	**(684,925)**	(967,283)
Weighted average number of shares used in basic earnings per share calculations	**406,236,541**	402,421,678
Dilutive effect of share options	**14,459,961**	1,860,095
Weighted average number of shares used in diluted earnings per share calculations	**420,696,502**	404,281,773

	2014 £'000	2013 £'000 Restated
Loss for the year from continuing and discontinued operations	**(1,405)**	(733)
Loss from discontinued operations (Note 10)	**1,023**	295
Loss for the period from continuing operations	**(382)**	(438)
Adjustment to earnings (Note 5)	**715**	900
Adjusted profit for the period from continuing operations	**333**	462
Loss per share from continuing and discontinued operations		
Basic loss per share	**(0.35)p**	(0.18)p
Diluted loss per share	**(0.33)p**	(0.18)p
Loss per share from continuing operations		
Basic loss per share	**(0.09)p**	(0.11)p
Diluted loss per share	**(0.09)p**	(0.11)p
Adjusted earnings per share		
Adjusted basic earnings per share	**0.08p**	0.11p
Adjusted diluted earnings per share	**0.08p**	0.11p

12 GOODWILL

	GROUP	
	2014	2013
	£'000	£'000
Cost		
1 December	**11,211**	11,211
Reclassified as held for sale (note 10)	**(414)**	-
30 November	**10,797**	11,211
Accumulated impairment provisions		
1 December	**5,928**	5,391
Impairment charges for the year	**414**	537
Reclassified as held for sale (note 10)	**(414)**	-
30 November	**5,928**	5,928
Carrying amount		
30 November	**4,869**	5,283

Goodwill by segment
Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. CGU are identified as individual operating units with specific market and product types, usually derived from the original acquisition. The carrying amount has been allocated to the operating segments as follows:

	2013	Impairment	**2014**
	£'000	£'000	**£'000**
Education	1,874	-	**1,874**
Health	1,439	(414)	**1,025**
Sport & Gaming	1,970	-	**1,970**
	5,283	(414)	**4,869**

Goodwill associated with Radcliffe Solutions Ltd has been impaired by £414,000 to £nil at 30 November 2014 to reflect the estimated carrying value in light of its sale on 28 January 2015. As described in note 10, the assets and liabilities of Radcliffe Solutions Ltd have been classified as held for resale at year end. In 2013, goodwill attributable to Radcliffe Publishing Ltd was impaired by £537,000.

Impairment testing methodology
The Group tests each CGU's goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. The impairments in the periods reported are as disclosed in note 8.

The recoverable amounts of the CGU are determined from value in use calculations which are estimated using a discounted cash flow model. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and extrapolates further cash flows based on estimated long-term growth in gross domestic product of 3%. The rates do not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the cash flows for all CGUs is 8.5% (2013: 8.5%). All CGUs are information provision businesses consolidated within the same Group and so with the same financing and structure risks.

The key assumptions across the CGU for the value in use calculations are those regarding revenue growth, profit margin, cash conversion, discount rate and terminal growth rate. The Group has formally approved the budgets used for the initial three years. The terminal growth rates are based on industry growth forecasts and long-term growth in gross domestic product. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

Management has also conducted sensitivity analysis taking into consideration the impact of changes in the key impairment test assumptions. A 0.5% increase in the discount factor and 2% decrease in forecast cash flows would not give rise to any further impairments.

13 INTANGIBLE ASSETS

	GROUP					COMPANY		
	Publishing titles £'000	Other acquired assets £'000	Web design £'000	Computer software £'000	Total £'000	Web design £'000	Computer software £'000	Total £'000
Cost								
1 December 2012	4,842	1,235	1,059	200	7,336	176	141	317
Additions	25	-	493	2	520	-	1	1
Disposals	(25)	-	(76)	(2)	(103)	-	-	-
30 November 2013	4,842	1,235	1,476	200	7,753	176	142	318
Additions	-	-	511	-	511	-	-	-
Disposals	-	-	(126)	-	(126)	-	-	-
Written off	(1,235)	-	-	-	(1,235)	-	-	-
Reclassified as held for sale (note 10)	(364)	-	(7)	-	(371)	-	-	-
30 November 2014	**3,243**	**1,235**	**1,854**	**200**	**6,532**	**176**	**142**	**318**
Amortisation and impairment								
1 December 2012	3,021	842	408	93	4,364	128	70	198
Charge for the year	297	350	215	60	922	13	40	53
Impairment	74	-	47	-	121	-	-	-
Disposals	(5)	-	(47)	(1)	(53)	-	-	-
30 November 2013	3,387	1,192	623	152	5,354	141	110	251
Charge for the year	292	43	309	48	692	13	31	44
Impairment	364	-	-	-	364	-	-	-
Disposals	-	-	(31)	-	(31)	-	-	-
Written off	(1,235)	-	-	-	(1,235)	-	-	-
Reclassified as held for sale (note 10)	(364)	-	(2)	-	(366)	-	-	-
30 November 2014	**2,444**	**1,235**	**899**	**200**	**4,778**	**154**	**141**	**295**
Carrying amount								
30 November 2014	**799**	**-**	**955**	**-**	**1,754**	**22**	**1**	**23**
30 November 2013	1,455	43	853	48	2,399	35	32	67

The Group tests the assets annually for impairment or more frequently if there are indications that they might be impaired following the impairment methodology set out in note 12. In 2014, intangible assets held by Radcliffe Solutions have been impaired by £364,000 to a carrying value of £nil as a result of it's disposal on 28 January 2015. Radcliffe Solutions Ltd's assets and liabilities have been classified as held for sale at 30 November 2014 as described in note 10. In 2013 certain website assets in the Health and Education divisions were assessed to be impaired by £47,000. In addition, certain Radcliffe publishing titles in the Health division were impaired by £74,000.

With regard to the remaining carrying value of intangible assets, a 0.5% increase in the discount factor and 2% decrease in forecast cash flows would not give rise to any further impairments.

Of the significant publishing title carrying values:

- £355,000 relates to Radcliffe Publishing Ltd and is attributable to book and journal titles which were impaired by £74,000 during 2013. These will be fully amortised in 6 years (2013: 7 years).
- £444,000 relates to over three hundred product title rights acquired as part of the Speechmark Publishing Limited acquisition. These will be fully amortised in 3 years (2013: 4 years).

During the year the Group has written off £1,235,000 of intangible assets and amortisation associated with old assets that have £nil net book value and are no longer used. Major additions in 2014 include the enhancement of the Education subscription products and development of new digital products in the Health and Sport & Gaming segments.

14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold property improvements £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
1 December 2012	249	53	76	378
Additions	94	16	2	112
Disposals	(203)	(8)	-	(211)
30 November 2013	140	61	78	279
Additions	-	6	6	12
Disposals	(27)	-	(3)	(30)
Reclassified as held for sale (note 10)	-	(2)	-	(2)
30 November 2014	**113**	**65**	**81**	**259**
Depreciation and impairment				
1 December 2012	166	41	47	254
Charged in the year	77	17	18	112
Impairment	16	-	-	16
Disposals	(201)	(2)	-	(203)
30 November 2013	58	56	65	179
Charged in the year	70	5	13	88
Disposals	(27)	-	(3)	(30)
Reclassified as held for sale (note 10)	-	(2)	-	(2)
30 November 2014	**101**	**59**	**75**	**235**
Net book value				
30 November 2014	**12**	**6**	**6**	**24**
30 November 2013	82	5	13	100

COMPANY	Leasehold property improvements £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
1 December 2012	203	45	53	301
Additions	94	16	-	110
Write offs	(203)	(5)	-	(208)
30 November 2013	94	56	53	203
Additions	-	5	6	11
30 November 2014	**94**	**61**	**59**	**214**
Depreciation				
1 December 2012	151	32	37	220
Charged in the year	62	12	14	88
Write offs	(201)	(1)	-	(202)
30 November 2013	12	43	51	106
Charged in the year	71	12	2	85
30 November 2014	**83**	**55**	**53**	**191**
Net book value				
30 November 2014	**11**	**6**	**6**	**23**
30 November 2013	82	13	2	97

15 INVESTMENTS

The Company holds more than 20% of the share capital of the following companies, all of which are incorporated in England apart from IGaming Business North America Inc and SAM Media LLC which are incorporated in the USA:

Subsidiary undertakings:	Class of shareholding	% of shares held	Nature of business
Optimus Professional Publishing Limited	Ordinary	100%	Publisher
SBG Companies Limited	Ordinary	100%	Publisher
I-Gaming Business Limited *	Ordinary	70%	Publisher
Incentive Plus Limited	Ordinary	100%	Mail order
P2P Publishing Limited	Ordinary	100%	Publisher
Speechmark Publishing Limited	Ordinary	100%	Publisher
Radcliffe Publishing Limited	Ordinary	100%	Publisher
Radcliffe Solutions Limited	Ordinary	100%	Software provider
IGaming Business North America Inc. *	Ordinary	70%	Publisher
SAM Media LLC*	Ordinary	35%	Events

* Indirectly held

IGaming Business North America Inc. was incorporated on 1 October 2013 and on 23 October 2013 it acquired a 50% stake in SAM Media LLC for a nominal amount.

COMPANY	**2014**			2013		
	Shares in subsidiary undertakings £'000	**Loans to subsidiary undertakings £'000**	**Total £'000**	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost:						
At 1 December	**13,791**	**2,595**	**16,386**	13,791	2,595	16,386
Additions	**-**	**-**	**-**	-	-	-
At 30 November	**13,791**	**2,595**	**16,386**	13,791	2,595	16,386
Amounts written off:						
At 1 December	**9,526**	**-**	**9,526**	8,989	-	8,989
Impairment in the year	**480**	**-**	**480**	537	-	537
At 30 November	**10,006**	**-**	**10,006**	9,526	-	9,526
Net book value:						
At 30 November	**3,785**	**2,595**	**6,380**	4,265	2,595	6,860

The Group tests the investments annually for impairment or more frequently if there are indications that they might be impaired following the impairment methodology set out in note 12. In 2014, the investment in Radcliffe Solutions Ltd has been impaired as a result of the sale of its shares on 28 January 2015 - see note 10. The other investments would require substantial decreases in their future forecast cash flows to be calculated as impaired. A 0.5% increase in the discount factor and 10% decrease in forecast cash flows would not give rise to any further impairments. The impairment in 2013 relates to the investment in Radcliffe Publishing Ltd.

16 DEFERRED TAX

	GROUP		COMPANY	
	2014	2013	**2013**	2013
	£'000	£'000	**£'000**	£'000
Deferred tax assets				
Current	**69**	237	**14**	7
Non-current	**1,735**	1,310	**234**	57
	1,804	1,547	**248**	64
Deferred tax liabilities				
Current	**-**	-	**-**	-
Non-current	**(178)**	(290)	**-**	-
	(178)	(290)	**-**	-
Net position at 30 November	**1,626**	1,257	**248**	64

GROUP	Capital allowances £'000	Tax losses £'000	Goodwill and Intangible assets £'000	Other £'000	Total £'000
1 December 2012	165	762	(417)	92	602
Credit / (charge) to income for the year	5	646	127	(31)	747
Adjustment to prior years	(50)	-	-	(42)	(92)
30 November 2013	**120**	**1,408**	**(290)**	**19**	**1,257**
Credit to income for the year	51	20	132	54	257
Credit to equity for the year	-	-	-	112	112
30 November 2014	**171**	**1,428**	**(158)**	**185**	**1,626**

There are accumulated losses of £9,448,000 (2013: £13,568,000) which, subject to agreement with the HM Revenue & Customs, are available to offset future profits of the same trade. Of this the Group has not recognised tax losses of £7,142,000 (2013: £6,528,000) as the probability that future taxable profits beyond five years will be available cannot be certain.

COMPANY	Capital allowances £'000	Other £'000	Total £'000
1 December 2012	54	76	130
Credit to income for the year	23	2	25
Adjustments to prior years	(14)	(77)	(91)
30 November 2013	63	1	64
Credit to income for the year	17	55	72
Credit to equity for the year	-	112	112
30 November 2014	**80**	**168**	**248**

17 INVENTORIES

	GROUP		COMPANY	
	2014	2013	**2013**	2012
	£'000	£'000	**£'000**	£'000
Book inventories	**1,267**	1,660	**-**	-

Inventories were written down by £158,000 (2013: £101,000), with £158,000 (2013: £95,000) included within cost of sales and £nil (2013: £6,000) included as a restructuring charge, from a carrying amount of £158,000 (2013: £101,000) down to £nil (2013: £ nil).

18 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Due within one year:				
Trade receivables	**1,734**	2,402	**-**	-
Amounts owed by group undertakings	**-**	-	**6,477**	6,358
Other receivables	**562**	585	**168**	366
Prepayments and accrued income	**481**	462	**84**	94
	2,777	3,449	**6,729**	6,818

The average credit period taken on sales of goods is 37 days (2013: 40 days). Standard terms are thirty days but many of the Group's goods and services, such as subscription renewals and events, are invoiced in advance of the delivery date. An allowance is maintained for estimated irrecoverable amounts and has been made with reference to past default experience. The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

The Group's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in note 23.

The Group holds no collateral against these receivables at the balance sheet date and charges no interest on its overdue receivables.

19 BORROWINGS

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Non-current				
Bank loans	**94**	350	**94**	350
	94	350	**94**	350
Current				
Bank overdraft	**2**	-	**-**	-
Cash balance reclassified as held for sale (note 10)	**1**	-	**-**	-
	3	-	**-**	-
Bank loans	**292**	125	**292**	125
	295	125	**292**	125
	389	475	**386**	475

The effective interest rates and applicable balances at the balance sheet dates are as follows:

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Bank overdraft facility (4.50% over the lending Bank's base rate)	**3**	-	**-**	-
Bank loan A (4.25% over LIBOR)	**225**	475	**225**	475
Bank loan B (4.73% over the lending Bank's base rate)	**161**	-	**161**	-
	389	475	**386**	475

19 BORROWINGS (continued)

At 30 November there were the following committed undrawn borrowing facilities expiring as follows:

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
In one year or less - Bank overdraft facility	**747**	750	**747**	750

The weighted average interest rate implicit in the group's bank loans at 30 November 2014 was 4.97% (2013: 4.85%) and the weighted average period until maturity was 0.9 years (2013: 1.6 years). The Directors estimate that the fair value of the Group's borrowings is not significantly different to the carrying value.

The bank overdraft facility for £750,000 (2013: £750,000) is, when utilised, repayable on demand.

Bank loan A is guaranteed by material subsidiaries of the Group. It was renegotiated in November 2014 and is repayable over 1.0 years ending in November 2015 (2013: repayable over 2.5 years ending in May 2016). Bank loan B is guaranteed by material subsidiaries of the Group and is repayable over 2.5 years ending in May 2017. The repayment profile is given in note 23.

20 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Trade payables	**929**	1,268	**140**	268
Amounts due to group undertakings	**-**	-	**9,158**	7,498
Other payables	**265**	500	**274**	427
Accruals	**1,349**	1,217	**301**	202
Total current	**2,543**	2,985	**9,873**	8,395

Trade, other payables, and accruals principally comprise amounts outstanding for trade and ongoing costs. The average credit period taken for trade purchases is 39 days (2013: 43 days).

21 DEFERRED INCOME

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Subscription and events fees received in advance	**2,481**	3,114	**-**	-

22 PROVISIONS

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
1 December	**127**	220	**-**	220
Increase in year	**60**	127	**60**	-
Release of provisions in year	**(18)**	(144)	**-**	(144)
Utilised during the year	**(109)**	(81)	**-**	(81)
Unwinding of discount	**-**	5	**-**	5
30 November	**60**	127	**60**	-
Included in current liabilities	**60**	127	**60**	-

Provisions of £127,000 were made at 30 November 2013 to reflect anticipated costs arising from the closure of the Milton Keynes office and wind-down of the Incentive Plus planned for 2014. During the year, £109,000 of these have been utilised and £18,000 released to the profit and loss account. Furthermore, a new provision of £60,000 has been made at 30 November 2014 to reflect an estimate of dilapidation costs due on termination of a lease during 2015. Provisions utilised and released in 2013 related to the final payments of deferred consideration due on the acquisitions of Radcliffe Solutions Ltd and Radcliffe Publishing Ltd.

23 FINANCIAL INSTRUMENTS

The Group's activities expose the Group to a number of risks including capital risk management, market risk (foreign currency risk and interest rate risk), liquidity risk and credit risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Capital management
The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital. The Group in particular reviews its levels of borrowing (note 19) and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. Consistent with others in the industry, the Group reviews the gearing ratio to monitor the capital. This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings). This gearing ratio will be considered in the wider macroeconomic environment. With the current restraints on the availability of finance and economic pressures the Group has lowered its gearing ratio expectations and has reduced debt considerably in the last five years.

23 FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

		GROUP		COMPANY	
		2014	2013	**2014**	2013
	Notes	**£'000**	£'000	**£'000**	£'000
Financial assets					
Loans and receivables					
Trade receivables	18	**1,734**	2,402	**-**	-
Other receivables	18	**562**	585	**6,645**	6,724
Accrued income		**70**	50	**-**	-
Cash and cash equivalents	28	**-**	463	**152**	379
Assets held for sale	10	**59**	-	**-**	-
Total financial assets		**2,425**	3,500	**6,797**	7,103
Financial liabilities					
Amortised cost					
Bank loans and overdrafts	19	**389**	475	**386**	475
Current tax liabilities		**61**	21	**-**	-
Trade payables	20	**929**	1,268	**140**	268
Other payables	20	**265**	500	**9,432**	7,925
Accruals	20	**1,349**	1,217	**301**	202
Provisions	22	**60**	127	**60**	-
Deferred income	21	**2,481**	3,114	**-**	-
Liabilities associated with assets held for sale	10	**177**	-	**-**	-
Total financial liabilities		**5,711**	6,722	**10,319**	8,870

Liquidity risk
Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. When seeking borrowings, the Directors consider the commercial terms available and consider whether such terms should be fixed or variable and are appropriate to the business. The Directors review the placing of cash balances on an ongoing basis. Any surplus cash balances during the year were kept in standard accounts at standard bank interest rates. The financial assets of the group at 30 November 2014 were mainly designated in sterling and earned floating rate standard bank interest.

The Group aims to ensure that sufficient cash is generated in the operating cycle to meet the contractual cash flows through effective cash management. In addition, the Group maintains a committed bank facility of £750,000 (2013: £750,000) which can be accessed as considered necessary. This facility is subject to annual renewal and any borrowings under it are repayable on demand.

Interest rate risk
The Group and company's interest rate exposure arises mainly from interest bearing borrowings. Contractual agreements entered into at floating rates expose the entity to cash flow risk while any fixed rate borrowings would expose the entity to fair value risk.

The tables below show the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

23 FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**
At 30 November 2014			
Trade and other receivables	**-**	**2,366**	**2,366**
Assets held for sale	**1**	**58**	**59**
	1	**2,424**	**2,425**
Current tax liabilities	**-**	**61**	**61**
Trade and other payables	**-**	**2,543**	**2,543**
Deferred income	**-**	**2,481**	**2,481**
Borrowings	**389**	**-**	**389**
Provisions	**-**	**60**	**60**
Liabilities associated with assets held for sale	**-**	**177**	**177**
	389	**5,322**	**5,711**
At 30 November 2013			
Cash and cash equivalents	463	-	463
Trade and other receivables	-	3,037	3,037
	463	3,037	3,500
Current tax liabilities	-	21	21
Trade and other payables	-	2,985	2,985
Deferred income	-	3,114	3,114
Borrowings	475	-	475
Provisions	-	127	127
	475	6,247	6,722

The Group has derived a sensitivity analysis based on a 1% change in the floating interest rate:

	2014 £'000	2013 £'000
Impact on equity and profit after tax		
1% increase in base rate of interest	**(4)**	(5)
1% decrease in base rate of interest	**4**	5

The undiscounted contractual cash flows, including interest payments, are set out in the tables below.

UNDISCOUNTED CONTRACTUAL CASH FLOWS

GROUP	**In less than one year £'000**	**Between one and two years £'000**	**Between two and five years £'000**	**Total £'000**
Bank loans and overdrafts	**307**	**72**	**30**	**409**
Provisions	**60**	**-**	**-**	**60**
Other liabilities	**5,262**	**-**	**-**	**5,262**
At 30 November 2014	**5,629**	**72**	**30**	**5,731**
Bank loans	148	263	102	513
Provisions	127	-	-	127
Other liabilities	6,120	-	-	6,120
At 30 November 2013	6,395	263	102	6,760

23 FINANCIAL INSTRUMENTS (continued)

UNDISCOUNTED CONTRACTUAL CASH FLOWS

COMPANY	In less than one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans	**307**	**72**	**30**	**409**
Other liabilities	**9,933**	**-**	**-**	**9,933**
At 30 November 2014	**10,240**	**72**	**30**	**10,342**
Bank loans	148	263	102	513
Other liabilities	8,395	-	-	8,395
At 30 November 2013	8,543	263	102	8,908

The terms, security and repayment information on these borrowings are given in note 19. Contingent consideration, provisions and other liabilities are not interest bearing and are unsecured.

Foreign exchange risk
The Group and Company operates principally in the United Kingdom and as such the majority of the Group and Company's financial assets and liabilities are denominated in sterling and there is no material exposure to exchange risks.

The Group and Company does suffer some exposure to exchange risk as a proportion of its business is overseas. Where the Group and Company enters into significant contracts denominated in overseas currencies it is not currently the Group and Company's policy to mitigate exchange risk by entering into forward currency contracts. The Group and Company attempt to mitigate its exposure by offsetting liabilities against foreign currency receipts as far as is possible.

Credit risk
The Group's principal financial assets are cash and cash equivalents, trade and other receivables and accrued income which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk primarily relates to trade and other receivables and accrued income. The amounts presented in the balance sheet are net of allowances for doubtful receivables, as estimated by the Group's management.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The following table provides analysis of trade receivables that were past due at 30 November, but not impaired. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

Ageing of receivables past due but not impaired

	2014 £'000	2013 £'000
30-60 days	**353**	442
60-90 days	**179**	204
90-120 days	**23**	29
Greater than 120 days	**-**	17
	555	692

The Group's policy is that debt is payable within 30 days. The older debt above includes conferences and subscription renewals, which have been billed in advance of delivery so some payments may be delayed by customers.

23 FINANCIAL INSTRUMENTS (continued)

Movement in the provision for impairment for trade receivables:

	2014 £'000	2013 £'000
Opening balance at 1 December	**(97)**	(279)
Provision for receivables impairment (charged) / released	**(61)**	2
Receivables written off during the year	**-**	180
Closing balance at 30 November	**(158)**	(97)

Fair value
The Directors consider that the fair values of the Group's financial instruments do not significantly differ from their book values.

24 SHARE CAPITAL

The Company does not have an authorised share capital in either year.

Allotted, issued and fully paid:	**2014 Ordinary shares £'000**	2013 Ordinary shares £'000
As at 1 December	**4,068**	3,996
Issue of share capital	**8**	72
As at 30 November	**4,076**	4,068

A reconciliation of the movements in issued ordinary share capital is as follows:

		Number of shares Number	**Total share capital £'000**	**Share price at issue Pence**
At 1 December 2012		399,581,838	3,996	
22 May 2013	Share issue at 2.1 pence per share	7,200,000	72	2.05p
At 30 November 2013		**406,781,838**	**4,068**	
29 September 2014	Share issue at 1.0 pence per share	808,957	8	3.62p
At 30 November 2014		**407,590,795**	**4,076**	

The share issue on 29 September 2014 relates to the exercise of share options by various employees. There have been no shares issued since the year end.

25 RESERVES

The reserve for own shares relates to the employee Share Incentive Plan (note 29a) under which the Group owns 1,265,852 shares (2013: 1,323,580 shares).

26 NON-CONTROLLING INTEREST

The Group's non-controlling interest in both 2014 and 2013 was composed entirely of equity interests and represents the non-controlling interest of 30% in IGaming Business Limited.

27 BUSINESS COMBINATIONS

As described in note 10, on 30 May 2014, the Group disposed of the Peak Performance and Sports Injury Bulletin businesses ("PP/SIB") operated through its subsidiary P2P Publishing Ltd. Also, on 15 October 2014, the Group disposed of the Incentive Plus business ("IP"). Details of the assets and liabilities disposed of, and the calculation of the profit and loss on disposal are given in the table below.

	2014 £'000 PP/SIB	2014 £'000 IP	**2014** **£'000** **Total**
Non-current assets			
Intangible assets	94	-	**94**
Current assets			
Inventories	48	2	**50**
Other debtors	1	-	**1**
Current liabilities			
Deferred income	(29)	-	**(29)**
Net assets disposed of	114	2	**116**
(Loss) / profit on disposal included in discontinued operations	(44)	48	**4**
Consideration received	70	50	**120**

Cash paid net of cash acquired in relation to prior year acquisitions is shown in the table below:

	Date of acquisition	**2014** **£'000**	2013 £'000
Prior year acquisitions:			
Radcliffe Solutions Limited (formerly Ikonami Limited)	14 April 2011	-	75
Radcliffe Publishing Limited	23 November 2010	-	6
		-	81

Payments in 2013 relate to final deferred consideration payments in relation to the acquisitions of Radcliffe Solutions Ltd and Radcliffe Publishing Ltd.

28 ANALYSIS OF CHANGES IN NET DEBT

GROUP	At 1 December 2013 £'000	Cash flow £'000	Non-cash changes £'000	**At 30 November 2014 £'000**
Cash at bank and in hand	463	(463)	-	**-**
Overdraft	-	(2)	-	**(2)**
Reclassified as assets held for sale	-	(1)	-	**(1)**
Cash and cash equivalents	463	(466)	-	**(3)**
Bank loans due within one year	(125)	58	(225)	**(292)**
Debt due within one year	(125)	58	(225)	**(292)**
Bank loans due after one year	(350)	31	225	**(94)**
Debt due after one year	(350)	31	225	**(94)**
Net debt	(12)	(377)	-	**(389)**

In April 2014, the Group drew down a new loan of £200,000 which is repayable over 36 monthly instalments ending in May 2017. Interest is payable at 4.73% over the lending bank's base rate.

During the year, the Group agreed with its lending bank to accelerate its loan repayments in return for being released from certain banking covenants. This increased the November 2104 repayment from £125,000 to £250,000.

Non-cash changes are where applicable reclassifications from due after one year to due within one year and recognition of overdraft positions where the right of set-off does not apply. The terms on the debt is set out in note 19.

29 SHARE BASED PAYMENTS

The Company has the following option or share ownership schemes and warrants in issue. All the schemes use the Monte Carlo valuation method with the exception of the Long Term Incentive Plan which uses the Black Scholes Method. The relevant inputs for each scheme have been outlined below:

	2014		2013	
	Black Scholes	**Monte Carlo**	Black Scholes	Monte Carlo
Expected life (years)	**3.00 - 3.25**	**4.80**	3.00 - 3.25	3.20 - 5.00
Risk free rate (%)	**4.8039 – 4.9315**	**3**	4.8039 – 4.9315	0.0126 - 5.1720
Volatility (%)	**30.473 – 31.1165**	**49.66**	30.473 – 31.1165	39.740– 57.562
Dividend yield (%)	**0**	**0**	0	0
Weighted average share price (p)	**2.10**	**2.38**	2.10	2.10
Weighted average exercise price (p)	**1.00**	**1.50**	1.00	1.00 – 5.40

The volatility of the Company's share price on each date of grant was calculated as the average of the standard deviations of daily continuously compounded returns on the stock of the Company, calculated back over a period commensurate with the expected life of the option. The risk-free rate used is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the expected life of the option. It was assumed that options would be exercised within two years of the date on which they vest. The number of options exercisable for each scheme at the year end is based on the year end share price.

There have been no transactions with non employees.

a Share Incentive Plan

In September 2005, the Group introduced a Share Incentive Plan (SIP) and has run it in three further years (2006, 2007 and 2010). Under this plan the employees are eligible to acquire shares in the following ways:

- Free Shares
- Partnership Shares
- Matching Shares

The Free shares were available to all eligible employees and the shares must be held in the trust for a minimum period of 3 years unless the employee leaves the Company, in which case the Free shares may either be forfeited or withdrawn from the Plan.

29 SHARE BASED PAYMENT (continued)

Partnership shares were available for purchase by employees at current market value. Employees could invest any amount from between £10 - £1,500 (or 10% of the employee's salary if lower). The Partnership shares were matched by the Matching shares on a 1 for 1 basis in 2010 (2 for 1 basis in 2006 and 2005).

The Partnership and Matching shares must be held in the Trust for a minimum of 3 years unless the employee leaves the Company in which case the Free shares may either be forfeited or withdrawn from the Plan. All of the shares were purchased at fair value in the market and the cash cost of the Partnership shares was expensed in the year of issue. The total fair value of the options granted in the year was £nil (2013: £nil).

	2014		2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	**967,282**	**6.79**	1,111,235	6.68
Withdrawn during the period	**(282,357)**	**6.88**	(143,953)	5.96
Outstanding at the end of the period	**684,925**	**6.75**	967,282	6.79
Exercisable at the end of the period	**684,925**	**6.75**	967,282	6.79

The weighted average remaining contractual life of share options outstanding at the end of the period was 4 years (2013: 5 years). The exercise price of the outstanding options ranges from 4.75 – 10.37 pence, but was paid at the outset on these options and nothing will be receivable by the Group.

b Long Term Incentive Plan

In November 2007, the Group introduced a Long Term Incentive Plan (‘LTIP’), under which at that time 14 members of senior management were granted a maximum of 5,658,824 share options dependent on performance criteria. The options, all with an exercise price of 1 pence, vested in February 2010 as the performance criteria of the Company achieving an average of at least 15% annualised adjusted earnings per share growth over the three years to November 2009 was met, although the maximum criteria which required growth of 25% per year was not. During the year, 259,600 of these options were forfeited and 728,957 options were exercised. 969,174 of the vested options remain at 30 November 2014 (2013: 1,957,731) and the weighted average remaining contractual life of these options is 3 years (2013: 4 years).

In 2010 a new LTIP scheme was launched in two parts, a Profit Growth Plan (‘PGP’) and a Share Price Growth Scheme (‘SPGS’).

Under the PGP, 8 members of senior management were granted a maximum of 9,650,000 options in April 2010 to acquire shares in the Company at nominal value under a new 2010 Company Share Option Plan (“2010 Plan”). The scheme was subject to performance conditions relating to the growth in adjusted operating profit (note 5) in the business unit for which the participant was responsible over the two years to 30th November 2011 or, in the case of Directors, the Group as a whole. Vesting rights in these options accrued if profit growth exceeded certain minimum growth thresholds that were set for each individual business unit and ranged from 3% to 8% per annum. The number of shares that have vested under the Profit Growth Plan is 1,500,000 and relate to one individual only.

Options were granted in September 2010 under the SPGS to the two executive Directors at that time and were exercisable at their nominal value of 1p subject to performance conditions which reward share price growth from November 30th 2009 to April 2014 above a threshold of 10% annual compound growth. The award was made wholly under the unapproved part of the 2010 Plan. The maximum number of shares allowed under the Share Price Growth Scheme was 19,120,000, which would require annualised compound share price growth over the period of 45% per annum. Of these, 7,170,000 options were forfeited during 2013 and 11,950,000 were forfeited in December 2013.

29 SHARE BASED PAYMENT (continued)

	2014 Number of options	**2014** Weighted average exercise price	2013 Number of options	2013 Weighted average exercise price
Outstanding at the beginning of the period	**15,407,731**	**1.00**	22,577,731	1.00
Forfeited during the period	**(12,209,600)**	**1.00**	(7,170,000)	1.00
Exercised during the period	**(728,957)**	**-**	-	-
Expired during the period	**-**	**-**	-	-
Outstanding at the end of the period	**2,469,174**	**1.00**	15,407,731	1.00
Exercisable at the end of the period	**2,469,174**	**1.00**	3,457,731	1.00

The weighted average remaining contractual life of share options outstanding at the end of the period was 4 years (2013: 6 years). For all share options outstanding at the year end the exercise price was 1.0p

c Enterprise Management Incentive Scheme

These options were awarded to key members of management and staff and are exercisable, subject to various trigger price restriction, at any time between the third and tenth anniversaries of the date of grant. During the year, 790,000 options have been forfeited and 80,000 options were exercised. There are no remaining options at 30 November 2014.

	2014 Number of options	**2014** Weighted average exercise price	2013 Number of options	2013 Weighted average exercise price
Outstanding at the beginning of the period	**870,000**	**3.01**	1,220,000	3.47
Forfeited during the period	**(790,000)**	**3.22**	-	-
Exercised during the period	**(80,000)**	**1.00**	-	-
Expired during the period	**-**	**-**	(350,000)	4.84
Outstanding at the end of the period	**-**	**-**	870,000	3.01
Exercisable at the end of the period	**-**	**-**	480,000	2.83

d The 2013 Award

In December 2013, the Group made a new award of share options ("2013 Award"). Options were granted to the two Executive Directors, the non-Executive Chairman and two other members of management. Options under this plan are exercisable at the 2012 placing price of 1.5p and will vest according to a scale if the Company's average share price, over any four-month period after the date of grant, exceeds 3.5p up to the maximum entitlement if the share price reaches 9p. A maximum of 78,090,157 ordinary shares may be issued under the 2013 Award. Where individual options have vested, up to 10% of the vested shares may be exercised from 12 months following vesting, up to 20% from two years and up to 30% from three years. Subject to the vesting conditions, unexercised options may be exercised from September 2018 until they expire in September 2022.

	2014 Number of options	**2014** Weighted average exercise price	2013 Number of options	2013 Weighted average exercise price
Outstanding at the beginning of the period	**-**	**-**	-	-
Options granted during the period	**78,090,157**	**1.5**		
Forfeited during the period	**(2,576,975)**	**1.5**	-	-
Outstanding at the end of the period	**75,513,182**	**1.5**	-	-
Exercisable at the end of the period	**-**	**1.5**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 8 years. The exercise price of the outstanding options is 1.5p.

30 COMMITMENTS UNDER OPERATING LEASES

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

Land and buildings	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Within one year	**19**	139	**19**	98
Between two and five years	**-**	19	**-**	19
	19	158	**19**	117

Operating lease payments represent rentals payable by the Group for its office properties. Leases are negotiated for an average term, excluding break clauses, of 1 year (2013: 3 years) and rentals are fixed for an average of 1 year (2013: 3 years).

Plant and machinery	GROUP		COMPANY	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Within one year	**4**	11	**4**	2
Between two and five years	**6**	5	**6**	3
	10	16	**10**	5

Operating lease payments represent rentals payable by the Group for printers and copiers. Leases are negotiated for an average term, excluding break clauses, of 3 years (2013: 4 years) and rentals are fixed for an average of 3 years (2013: 4 years).

31 POST BALANCE SHEET EVENTS

As described in note 10, on 28 January 2015, Radcliffe Solution Ltd was disposed of for consideration of £125,000 less a working capital adjustment to be determined at a later date. At the balance sheet date, the assets and liabilities of Radcliffe Solutions Ltd have been classified as held for sale.

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments at the balance sheet date (2013: £nil). The Group does not have any contingent liabilities.

33 RELATED PARTY TRANSACTIONS

All related party balances held at November 2014 and 2013 are unsecured.

Subsidiaries
Its 70% (2013: 70%) owned subsidiary, I-Gaming Limited, is owed by other Group undertakings £5,765,000 (2013: £4,590,000) and owes £4,678,000 at 30 November 2014 (2013: £2,931,000), including debt due from the Company of £5,227,000 (2013: £4,553,000), after being charged costs and allocated staff time in the year of £1,341,000 (2013: £994,000).

Advisory Services
The Board receives financial advice from Trillium Partners Limited ("Trillium Partners"). Trillium Partners is a specialist media advisory firm, in which voting control of 45.0% (2013: 45.0%) is held by Stephen Routledge, a non-executive Director of Electric Word, and as such is a related party. Accordingly, the Directors (other than Stephen Routledge) consider, having consulted with Panmure Gordon (UK) Limited, its nominated adviser, that the terms of the fees payable to Trillium Partners are fair and reasonable. The total fee for the advice and work in the year is £6,000 (2013: £60,000). The Group continues to receive advice into 2015.

33 RELATED PARTY TRANSACTIONS (continued)

Company
The table below sets out the transactions and balances with other group undertakings:

	BALANCE Receivable / (payable)		TRANSACTIONS IN YEAR Income / (expenditure)	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
iGaming Business Limited	**(5,227)**	(4,553)	**(674)**	(1,534)
Incentive Plus Limited	**(14)**	461	**(475)**	222
Speechmark Publishing Limited	**(3,917)**	(2,673)	**(1,244)**	(1,182)
Optimus Professional Publishing Limited	**2,891**	1,450	**1,441**	647
P2P Publishing Limited	**33**	(272)	**305**	(218)
SBG Companies Limited	**785**	1,539	**(754)**	480
Radcliffe Publishing Limited	**2,597**	2,075	**522**	1,282
Radcliffe Solutions Limited	**-**	662	**(662)**	191
Electric Word Employee Benefit Trust	**171**	171	**-**	-
	(2,681)	(1,140)		

The natures of the transactions with group undertakings comprise salary recharges, recharges of various trading activities, and cash draw downs.

Key management personnel
For details of related party transactions with key management personnel see note 4.