

Registered Number 05940040

**BrainJuicer Group PLC**  
Annual Report and Accounts 2013



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## Highlights

### Financial Features

- 17% revenue growth to £24,457,000 (2012 £20,822,000)
- 135% growth in operating profit to £3,550,000 (2012 £1,513,000)
- 135% increase in profit before tax to £3,556,000 (2012 £1,515,000)
- 137% growth in earnings per share (diluted) 18.7p (2012 7.9p)
- Strategically important "Juicy" products grew 28%
- Largest 10 clients by revenue grew 61%
- Strong growth in the UK and US, the Company's largest operations
- Grew in all other geographies that we operate in other than Germany
- Voted the most innovative market research firm for the third year running in the global GreenBook Research Industry Trends survey

### Dividends

- Paid interim dividend of 0.9p (2012 0.85p)
- Paid first special dividend of 12.0p in October 2013, representing £1,508,000 return of cash to shareholders
- Proposed final dividend subject to shareholder approval of 3.0p (2012 2.25p)
- Proposed second special dividend of 12.0p, representing a further £1,508,000 return of cash

### Net Cash

- Cash of £6,188,000 as at 31 December 2013 (31 December 2012 £3,755,000)
- No debt

## Chairman's statement

I am pleased to report that BrainJuicer has had an excellent year. An encouraging first half was followed by a strong second half, and in particular an excellent final quarter. For 2013 as a whole, our revenue increased by 17% to £24,457,000, and operating profit by 135% to £3,550,000, bouncing back from the decline in 2012. Diluted earnings per share increased by 137% to 18.7p. This substantial progress resulted entirely from organic growth within the business.

The Board is proposing to pay a final dividend of 3.0p per share, an increase of 33% over the 2012 final payment. This would take the full year ordinary dividend payout to 3.9p, an increase of 26%. In addition, and reflecting another year of strong cash generation, £1,508,000 was returned to shareholders in October 2013 via a 12p per share special dividend.

Even after this substantial return of capital, BrainJuicer ended 2013 with cash of £6,188,000 and no debt. In view of this, the Board proposes to return a further £1,508,000 to shareholders via another special dividend, again of 12p per share.

The 2013 results mean that over the last 5 years (taking 2008 as the base year), revenue and operating profit have grown at an average annual rate of 21% and 22% respectively, despite the disappointing results in 2012. Over the same period, diluted earnings per share have increased from 7.4p to 18.7p. The BrainJuicer share price has responded very positively to the Company's good progress. The closing share price as at 19 March 2014 was 425p, an increase of 294% since the shares were first admitted to trading on AIM in 2006 at a price of 108p.

John Kearon, our Chief Executive or "Chief Juicer", and James Geddes, our Chief Financial Officer, will review BrainJuicer's 2013 performance and underlying progress in the sections following this Chairman's Statement. From my "top down" perspective, however, the much improved results were driven essentially by a resumption of double digit revenue growth, primarily due to our expanding business with major multinational clients, and by a reduced rate of cost growth following actions taken towards the end of 2012. With revenues growing much faster than costs, profits rose sharply.

In terms of geography, growth in 2013 was fuelled primarily by our two main businesses, the UK and the US. It was pleasing to see all of our operations, with the exception of Germany, generating higher revenue, and our most recently established businesses, in France, Italy, India and Singapore, getting off to a promising start.

2013 saw a further encouraging shift in the balance of our revenue towards our unique "Juicy" products. Juice Generation, our suite of qualitative research services, also delivered impressive growth – contributing 14% of total revenue. Our new behavioural consultancy services, while so far generating only modest revenue in their own right, are helping us to work even more closely with key clients.

All of these trends indicate strongly that BrainJuicer's approach to market research, centred on Behavioural Science, leaves us well positioned to deliver further attractive growth in the years to come. While we did not win a major piece of international recurring business during 2013, there are signs that we are getting ever closer to doing so.

Finally, I would like to thank all of our employees for their hard work, determination and enterprise during what was a busy and successful year for BrainJuicer.

Ken Ford  
Chairman  
20 March 2014

## Chief Executive's Statement

It's been emotional

2012's flat result meant a miserable start to the year but the restored 17% revenue growth in 2013 was hugely uplifting to Company spirits as well as financials. The year was testament to our collective tenacity and temperament, as well as to the market moving meaningfully in our direction.

For many years we have been the most vocal and profound advocate of applying Behavioural Science to improving the predictive power of market research and helping clients do 5-Star marketing that improves their brands' fame and fortune. This involves replacing the overly-rational existing models of research and marketing with more emotional measures and models that better reflect how people really make decisions. The plausible but flawed era of persuasion-based marketing gives way to a more challenging but effective era of seduction-based marketing. Homo Economicus is dead, long live Homo Emoticus.

2013 seemed to mark the year the industry woke up to this shift, with speaker after speaker at conferences around the world falling over themselves to use the language of Behavioural Science. But, while the rest of the industry talks about the potential of Behavioural Sciences, we're already applying our award-winning suite of Juicy tools and models to help clients create famous marketing that impacts their bottom line.

Advertising is the most publicly-visible manifestation of how our behavioural approach helps clients. As it happens, we were intimately involved in the development of two of the most successful advertising campaigns of 2013, one on each side of the Atlantic: 3 Mobile Moonwalking Pony (over 7m YouTube views) and Guinness Wheelchair Basketball (over 7m YouTube views). Both adverts continue to have a tremendous impact on their respective businesses and, at the time of writing, 3 Mobile have launched Singing Kitty, their 2014 follow up which already has over 4.9m views in just a few days. As well as helping John Lewis test their annual blockbuster Christmas advert in the UK, we also launched the FeelMore50™ in the US, a league table of the year's strongest, most emotional adverts, which has generated a great deal of press and client interest. We'll be repeating the FeelMore50™ in the US for 2014 and extending it to UK. FaceTrace®, our award winning measure of emotion has now been answered over five million times by over three million people. And, having tested over 3,300 adverts across 40 countries, we have amassed the databases to calibrate results from individual tests, and be a credible global ad testing partner. It's now a case of whether and when clients move away from their current persuasion-based models and embrace seduction-based advertising.

Tellingly, the large research groups are adopting the new language of emotions and even adding more emotional measures to their tests, but critically, they are not using this data to change how they measure their results. Nor are they changing their model of how advertising works, because that would be to admit they've had it wrong for decades and render useless their huge normative database of redundant persuasion-based measures. Without changing their model of interpretation, no amount of new emotional measures will improve their recommendations, and we believe this will reveal itself over the same time period. BrainJuicer's emotional and more predictive model becomes associated with increasingly famous ad campaigns.

The same pattern is repeated when it comes to our other Juicy research tools. The market is starting to talk about how to apply Behavioural Science to concept testing, pack testing, insight generation and brand tracking, while we're busy doing it. Our best-selling Juicy tool, Predictive Markets (PMs), is also our most controversial. It uses emotional measures, the wisdom of crowds and a game-format to ask people what they feel 'other people' would buy or not buy. It has proven highly discriminatory and predictive of winning concepts, and avoids the well-documented flaws of current concept testing: people being unreliable predictors of their own behaviour, over-rational measures being unpredictable.

## Chief Executive's Statement (continued)

of in-market success, nearly all concept results falling close to the norm and enormous differences in scoring from country to country

Since introducing PMs in 2006, we have won several awards and more than 200 companies have used the technique, testing over 25,000 concepts across more than 70 countries and achieving significant in-market success. The controversial nature of PMs meant they grew slowly at first while clients trialled and proved their superior predictive power over current methods but, for the last 4 years, PMs have experienced significant year-on-year growth and are increasingly being adopted by large companies

Our experience with Predictive Markets is likely to prove illustrative of client adoption across our whole suite of Behavioural Science-inspired Juicy products, covering insight generation, concept testing, pack testing, ad testing, shopper marketing and brand tracking. It's possible the industry's increasing enthusiasm for Behavioural Science may well speed acceptance, growth and the rate at which we achieve our goal of becoming brand leader in these areas. Last year our Juicy tools grew 28%, now accounting for 74% of our business and with the added advantages of being highly differentiated, premium priced, higher margin, more international, larger-sized projects and much more likely to be mandated by large clients. As testament to the appeal of our Juicy tools with these clients, we grew revenue 61% with our top 10 clients in 2013 – all of which are multinationals. We're also hugely proud to have been voted 'Most Innovative Research Agency' for the third year running in the international GRIT report's study among 2,300 clients and agencies. The large research groups will no doubt increase their use of the language of Behavioural Science and add some of the new emotional measures, but unless they fundamentally change their models of interpretation and lose their historical normative database advantage, their predictive power will not improve.

It feels we're at a seminal moment in the research industry and BrainJuicer's history. Fourteen years in, we have made a good start in our mission to reinvent market research, creating and validating a suite of market-changing Juicy research approaches based on Behavioural Science. Hopefully for the next fourteen, the market will continue to move our way, we'll continue to hire the best and the brightest, working in a truly innovative Juicy culture, and help more clients produce famous marketing that drives significant growth.

The coming years should be exciting

John Kearon  
Chief Juicer  
20 March 2014

## Business and Financial Review

In a recent internal staff feedback survey, one of our people made the comment “*It would be good to understand why 2012 and 2013 were so massively different in terms of success*”. The 135% increase in our operating profit, after the decline of 45% in 2012, was a dramatic swing, and yet nothing so dramatic happened within the underlying business. We cannot point to a big new initiative, for example, nor a major contract win or a change in strategy, just as we couldn’t point to a major problem in 2012. In fact, 2013 is best characterised as another year of continued and consistent progress in refining our positioning, developing our products, selling our approaches into our client base, and building our operating capability – just as 2012 was.

So why were 2012 and 2013 so *massively different in terms of success*? The maths are straightforward. Revenue grew 17% and costs 7% in 2013, whereas revenue grew 1% and costs 9% in 2012. These percentage differences make a very big difference to our profit, yet are not reflective of anything we did very differently over the two years.

With lumpy revenues from month to month and from client to client, and some large client projects – over £1.7m of our 2013 revenue was from a handful of projects larger than £100,000 – it doesn’t take very much to tilt revenues up or down by meaningful percentage points. Yet most of our cost base is fixed – being the cost of the people we employ. Our administrative costs in 2013 totalled £15,537,000 (64% of revenue), and 74% of that (£11,563,000) related to staff costs. We have to recruit and train new people well in advance of the growth we are recruiting them to deliver, but have minimal visibility of future revenue. In 2012 we were caught out by a relatively poor November and December, traditionally our busiest months, having increased our cost base earlier in the year. In 2013 we weren’t.

Furthermore, we pared back some of the increase in the 2012 cost base in December 2012, and this contributed to our lower cost growth than normal in 2013. It’s important to note that this cost cutting was very much a pruning exercise and didn’t require any structural reorganisation or other fundamental change within the business.

A point on our staff costs: we mitigate the fixed cost nature of our staff costs to a degree through our bonus scheme, which is primarily correlated to profit and is therefore variable. Aggregate bonuses were high at £1,941,000 in 2013, representing 20% of pre-bonus staff costs, compared to £63,000 in 2012 (less than a percent of staff costs). Nevertheless this ability to mitigate goes only so far.

We have always been careful in how we manage costs, and how we build the resources necessary to grow the business. In fact, some have asked if we focus too much on cost control at the expense of thinking about inputs that will help to make our business impregnable, and it’s a good question.

The first point to make in response is that we have always, and continue to have, long-term organic growth aspirations. We are not planning on an exit, we are not looking for short cut growth, our time horizon is essentially *forever*. The way we run the business and our bias when making decisions is with this backdrop in mind.

Secondly, our investment spend – that element of our cost base which is primarily designed to help make our business impregnable – is a material percentage of our profits. The two areas in our business where we have developed capability that will most obviously benefit us in the future are in our product development “Labs” and in what we call Juice Generation (the part of our business which supports our creative, qualitative research services). Our total staff cost spend alone on Labs and Juice Generation in 2013 was £1.55 million representing a substantial 44% of operating profit (2012 £1.28m, 84% of operating profit). Our Juice Generation services, and to a lesser extent Labs, generate revenue from client projects in their own right, but they have strategic value significantly beyond the revenue they generate.

## Business and Financial Review (continued)

Whilst we will continue to be careful in how we manage costs, we will also continue to invest in Labs and Juice Generation – and in other activities which help to secure our future growth

### *Refining our positioning*

We have further developed the Behavioural Science framework which underpins how we develop and articulate our research techniques. As our business is becoming more firmly entrenched within this framework, so, within the marketing world at large, Behavioural Science is becoming a more mainstream phenomenon. Whilst it could be argued that we may be losing some differentiation and so are becoming more vulnerable to competitors, we are finding that this industry backdrop is helpful. We remain highly differentiated, as evidenced, for example, by recently being voted the most innovative market research firm for the third year in a row in a global survey of over 2,000 market research practitioners (the GreenBook Research Industry Trends survey). Our challenge is in selling our methods into large clients and dislodging long-standing traditional approaches. We have to demonstrate over a prolonged period that our techniques actually work, and that the sometimes counter-intuitive notions underpinning our techniques are backed up by academic research and credible third party opinion. The shifting industry dynamics are providing helpful support to our position.

It would be an exaggeration to suggest there had been a major breakthrough in 2013, but there have been further steps in the right direction. Our 17% revenue growth, while unspectacular by historic standards, is significant and is a fair reflection of the progress here.

### *Developing our products*

We have historically categorised our products into “Juicy” – those which in our view are particularly insightful but which are unconventional – and “Twist” – those which use traditional techniques but with an added BrainJuicer twist. It’s our Juicy products which will define our long-term future, and it’s therefore these that we’ve invested most in developing and which we’ve marketed most actively. This investment is paying off. Most of our business is now Juicy, with 74% of 2013 revenue from Juicy products, up from 68% in 2012 and 56% in 2011.

Product development and validation is an on-going process. As well as many incremental improvements during the year, we developed a new product for testing packaging and upgraded our Concept Optimizer product (our second biggest-selling product). We have also begun undertaking behavioural consultancy services, where we apply the principles of behavioural economics to marketing challenges. This provides opportunities to demonstrate how these principles can be applied in practice, and therefore reinforce the power of the behavioural framework underpinning our research tools.

### *Selling our approaches into our client base*

We have 224 clients, and 57% of 2013 revenue was from our largest 20. This is broadly similar to 2012, where we had 217 clients and 53% of revenue from our largest 20. However, this hides the growth we experienced from our very largest clients. Revenue from our biggest 10 clients in 2013, all very large multinational companies, grew 61%. Revenue from our largest client in 2013 grew 57%, and our top five clients each spent more than £1m with us in 2013. While these amounts represent small percentages of each of their total market research spend, they are nevertheless significant and hard-won. In each case, they are the result of broad and durable relationships that we have developed over a number of years, and in each case there is significant potential for further growth.

We are being invited to participate in an increasing number of mandate and roster applications. These vary from opportunities to pitch for global concept screening and advertising pre-testing, to opportunities to pitch for advertising and brand tracking globally and regionally, and we are getting closer to securing a significant win.



## **Business and Financial Review (continued)**

### ***Building our operating capability***

In 2013 we delivered 892 projects, up from 794 projects in 2012, with an average revenue per project of £27,000 per project (2012 £26,000). Our centralised software platform and operational functions accommodated this increase without issue, and with reduced average headcount company-wide (138 in 2013 compared to 148 in 2012). We have the technical capacity to be able to process many times our current level of projects. We also have a well-oiled, centrally-managed operational process, and a small, dedicated team continuously improving it.

The key to scale is in building our account management teams – the people who sell and deliver our research projects to our clients – and then evolving our organisation structure and central functions to support those teams. While average headcount reduced in 2013, we increased our *account management team* head-count from 95 to 97, and over the last five years by 22% (on a compound annual basis). We have a relatively smooth process for recruiting and on-boarding people, particularly in our larger offices in the UK and US, and believe we can continue in this vein and grow the business to at least two to three times its current size without any significant change in our structure or any major investment or disruption. We would hope that through continuous evolution of our operations, we can continue to grow well beyond that.

### ***Financial performance***

Our profit and loss account is straightforward. Revenue grew 17% from £20,822,000 to £24,457,000 and gross profit 19% from £16,068,000 to £19,087,000 (now 78% of revenue), and this top line growth together with a 7% increase in administrative costs, after 9% in 2012, resulted in the bounce in operating profit from £1,513,000 to £3,550,000, after the decline last year. Our lower cost growth than in previous years was in part the result of our cost cutting in December 2012. As always growth was organic, and there were no particularly large, unusual or extraordinary items.

From a geographic standpoint, we did well in most of our markets. In the UK and the US, where we generate the majority of our business, we grew strongly with gross profit up by 12% and 25% respectively. We delivered £6,843,000 of gross profit in the UK and £5,794,000 in the US, which collectively represented over 66% of our total gross profit. We have recently consolidated our Continental European offices into one region, with our Swiss country manager at the helm. Gross profit in Continental Europe grew by 9% to £3,992,000 (21% of our total gross profit). We are established in three Continental European countries, Switzerland, Germany and Holland, Switzerland being, by some margin, the biggest for us. In Switzerland gross profit grew by 4%, and in Holland by 22%, whereas in Germany it declined by 27%. While the German research market is large, we are finding it very traditional, and it is taking longer for our methods to be adopted by German clients. We believe, however, that we will get there. We have a small, effective team, and we will patiently build from what is now quite a small base (at £841,000 gross profit). We're making progress in our two new European countries, Italy and France, which collectively generated £512,000 of gross profit. We continue to enjoy strong growth in China and Singapore with gross profit up 11% to £1,112,000, and in Brazil with gross profit up 86% to £1,206,000. We've made a promising start in India.

We are a capital light business, and as in previous years our capital expenditure was low at only £139,000 (2012 £231,000), and depreciation similarly low at £465,000 (2012 £526,000). We therefore tend to have strong cash flow, and in 2013 it was particularly high. Cash flow before financing was £4,458,000 (nearly double profit after tax), and we finished the year with £6,188,000 of cash, up from £3,755,000, and that after dividends, including our special dividend of 12 pence per share in October, and share buy-backs totalling £2 million. This was partly due to negligible bonuses in 2012, paid in 2013. Our high bonuses in 2013 will rein in 2014 cash flow somewhat.

Our effective tax rate was 32% which is relatively high compared to the UK standard rate of 23.2%. This is in part due to higher tax rates in our overseas operations, particularly in the US. It is also due to tax inefficiencies relating to management fees chargeable by our UK parent company to our

## Business and Financial Review (continued)

Brazilian and Chinese subsidiary companies. Nevertheless the tax rate was similar to the prior year (31%) and so profit after tax grew at a similar rate to profit before tax (135%). We continued to purchase back most of the shares transferred to stock option holders on exercise of options, and so there was little change in the number of issued or voting shares. As a result, our earnings per share, both diluted and undiluted, grew at a similar rate to profit after tax at 137% and 134% respectively.

### Risks

One of our maxims is that *the paradox of success is failure* – and so we actively encourage our people to be bold and are risk-tolerant. Having said that, we do take risk seriously. We endeavour to identify and protect the business from the big, remote, risks – those that do not occur very often, but which, when they do, have major ramifications. The types of such event that we are concerned about and seek to manage are: loss of a significant client, loss of key personnel, material adverse event leading to significant loss of property, software, or data, or an adverse legal claim, major outage in our survey platform ('Juicing Centre').

**Loss of a significant client.** This is a significant risk, and we do not take it lightly, with the percentage of business from our largest client in 2013 at 9% of revenue (2012: 7%). We therefore go to considerable lengths to monitor service quality and seek client feedback.

**Loss of key personnel.** The loss of a senior member of the team would have a negative impact on the business. However, we have a large senior team, which includes each of our Country Managing Directors, our Head of Marketing and Business Development, our Head of Labs, as well as the COO, CFO and Chief Juicer – 18 people – and so do not view the business as being overly dependent on any one individual. As with many rapidly growing businesses, we place significant demands on our people, and we are therefore at risk of staff turnover. However the work environment is stimulating and we are placing further emphasis on our culture and the way we work.

**Material adverse event leading to a significant loss of property, software, or data, or an adverse legal claim.** We can't guarantee that all eventualities are covered, but nevertheless have continued to endeavour to protect the business from significant risks, through a combination of

- Comprehensive professional indemnity insurance,
- Frequent and multiple back-ups and archiving of data on all servers and laptops,
- Sufficient focus on legal protections, for example through our terms and conditions.

Perhaps the greatest potential for material loss here would be a breach of client confidentiality or a loss of personal data – an area where legal requirements are becoming increasingly stringent. To respond to this we have recently recruited a new head of information security and are tightening our technical and procedural controls.

**Major outage in our Juicing Centre.** Were there to be a major outage in our Juicing Centre due, for example, to capacity constraints or a security breach, we could be prevented from building surveys, collecting data and downloading results. This may result in significant delay in delivering client projects with a consequential loss of revenue, reputational damage, and the costs of remedying the situation. We have suffered relatively minor outages from time to time, but none has led to significant financial loss.

## Business and Financial Review (continued)

### **Outlook**

Over the last five years, we have grown revenues and profits by a little over 20% per annum on an annual compound basis (using 2008 as the base). Over that time we've returned over £4.7 million to shareholders in dividends and share buy-backs, and are proposing to pay a further £1.9 million in dividends during May 2014. We've also built a strong franchise in terms of our products, reputation, client relationships, geographic coverage and operational delivery mechanisms. We have a talented and dedicated team, bound by a well-defined unifying culture, and we have a strong balance sheet for our size. Looking ahead, we are planning more of the same, and believe we have the platform from which to deliver. We have made a promising start to 2014, but as always, given our limited revenue visibility, we cannot predict with any certainty how the year will unfold.

James Geddes  
Chief Financial Officer  
20 March 2014

## 5 Year Summary

(£000 unless specified otherwise)

Year to 31 December		2013	2012	2011	2010	2009
Revenue		24,457	20,822	20,713	16,360	11,814
	<i>growth</i>	17%	-	27%	38%	27%
Gross profit		19,087	16,068	16,063	12,622	8,935
	<i>growth</i>	19%	-	27%	41%	30%
Operating profit		3,550	1,513	2,758	2,216	1,645
	<i>growth</i>	135%	-45%	24%	35%	28%
Pre-tax profit		3,556	1,515	2,760	2,217	1,658
	<i>growth</i>	135%	-45%	24%	34%	21%
Post-tax profit		2,435	1,038	1,850	1,480	1,185
	<i>growth</i>	135%	-44%	25%	25%	23%
EPS – diluted		18 7p	7 9p	14 1p	11 3p	9 0p
	<i>growth</i>	137%	-44%	25%	26%	22%
Cash flow pre financing		4,458	868	1,448	1,785	824
Cash balance (no debt)		6,188	3,755	3,683	2,770	2,343
Dividend per share (interim and final)		3 9p	3 1p	3 0p	2 4p	1 9p
	<i>growth</i>	26%	3%	25%	26%	27%
Special dividends per share (paid and proposed)		24 0p	-	-	-	-
Total dividends (paid and proposed)		3,505	390	375	315	246
Share buy-backs (net of stock option proceeds)		71	408	217	1,046	(38)
Number of projects		892	794	859	745	601
	<i>growth</i>	12%	-8%	15%	24%	20%
Average revenue per project		27 4	26 2	24 1	22 0	19 7
	<i>growth</i>	5%	9%	10%	12%	5%
Number of clients		224	217	199	165	140
	<i>growth</i>	3%	9%	21%	18%	22%
Average headcount		138	148	124	91	70
	<i>growth</i>	-7%	19%	36%	30%	19%

## Board of directors

### **Ken Ford**

#### ***Non-executive Chairman***

Ken joined BrainJuicer in 2008 as non-executive Chairman. Ken has a wide City experience with past directorships including Morgan Grenfell and Aberdeen Asset Management and more recently stockbroker Teather & Greenwood. He is a former Chairman of the Society of Investment Analysts and of the Quoted Companies Alliance [QCA], remaining on its executive committee. Ken is also a non-executive Chairman of Nakama Group plc, Scientific Digital Imaging plc and Lewis PR.

### **Graham Blashill**

#### ***Non-executive Director and Chairman of the Remuneration Committee***

Graham joined BrainJuicer in 2012. He has had a long career in sales and marketing of fast-moving consumer goods. Graham joined W D & H O Wills (a division of Imperial Tobacco) in 1968, holding a number of marketing and trading roles, and becoming Managing Director Imperial Tobacco UK in 1995. In 2003 he was Regional Director for Western Europe, and in 2005 appointed Group Sales and Marketing Director, responsible for Imperial Tobacco's global trading operations in over 160 countries. He served as a main board director of Imperial Tobacco Group plc, a leading FTSE 100 company, for six years before retiring in 2011.

### **Robert Brand**

#### ***Non-executive Director and Chairman of the Audit Committee***

Robert joined BrainJuicer in 2012. He began his career in 1977, initially as a research analyst and then as Managing Director of UK Equity research at BZW, then the investment banking division of Barclays Bank. In 1990 he joined Makinson Cowell, a capital markets advisory firm, as a director. Over a period of 18 years he advised a wide range of FTSE 100 and FTSE 250 companies, focusing on their link with institutional investors. He retired from Makinson Cowell in 2008.

### **John Kearon**

#### ***Chief Executive Officer***

John founded BrainJuicer in 1999. Prior to BrainJuicer, he founded innovation agency Brand Genetics Limited, which invented new products and services for FT500 companies. Before this, John had been planning director of one of the UK's leading advertising agencies. He started his career over 25 years ago as a graduate of Unilever's management programme, rising to be a senior marketer at Elida Gibbs before moving into advertising. John's role in establishing and developing the BrainJuicer business made him Ernst & Young's "Emerging Entrepreneur of the Year" in 2006.

### **James Geddes**

#### ***Chief Financial Officer***

James joined BrainJuicer in 2003. Previously, he was CFO of Ibox Oy (a Finnish start-up backed by Morgan Stanley and sold to Telefonica), Executive Director of International Corporate Finance at MediaOne Group (the US telecoms multinational now part of AT&T), and Assistant Treasurer of Foster's Brewing Group. He is a Chartered Accountant, holds a Diploma in Corporate Treasury Management, and is a graduate of Harvard Business School's Program for Management Development.

### **Alex Batchelor**

#### ***Chief Operating Officer***

Alex joined BrainJuicer in 2010. Prior to BrainJuicer, he held various senior marketing roles, as Chief Marketing Officer of TomTom, Marketing Director of the Royal Mail, Vice President – Global Brand at Orange. Like John, Alex started his career at Unilever over 20 years ago, before leaving to spend two years in advertising at Saatchi & Saatchi and then six years at brand consultancy Interbrand, where he was Managing Director. Alex is both a Fellow of the Marketing Society and a former Chairman.

## Company information

Company Secretary	James Geddes
Registered Office	1 Cavendish Place London W1G 0QF
Registered Number	05940040
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Registered Auditors 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Registrars	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Stockbrokers	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR

## Strategic report

### **Review of the business**

The CEO statement on pages 5 and 6 sets out a review of the Group's strategy and positioning. The business and financial review on pages 7 to 11 sets out progress and our business model.

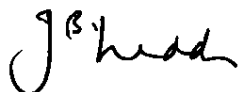
### **Performance indicators**

The Company's main financial key performance indicators are set out on page 12 (the 5 year summary), and described in the business and financial review (refer to the financial performance section). The Company also monitors client and employee satisfaction via client feedback surveys and periodic employee surveys, and takes corrective action where required.

### **Risk**

The business and financial review on pages 7 to 11 describe the Group's attitude to risk, the key risks that the business faces and the mitigating factors (refer to the risk section).

ON BEHALF OF THE BOARD



James Geddes  
Chief Financial Officer  
20 March 2014

## Directors' report

### Review of the business and future developments

The Chairman's and CEO statements and the business and financial review on pages 4 to 11 set out a review of the business, key risks and future developments

### Dividends

The Company has paid and proposes to pay the following dividends

	2013 £'000	2012 £'000
Ordinary Shares		
Interim paid, 0.9p per share (2012: 0.85p per share)	112	107
Special dividend, 12p per share (2012: NIL)	1,508	-
Proposed final, 3p per share (2012: 2.25p per share)	377	283
Proposed special, 12p per share	1,508	-
Total ordinary dividends, 27.9p per share (2012: 3.1p)	<u>3,505</u>	<u>390</u>

The Company paid interim and special dividends on 24 October 2013 to shareholders on the register at the close of business on 4 September 2013

### Directors

The following are the current directors of the parent company, BrainJuicer Group PLC, and each served throughout the whole year

John Kearon (executive)  
James Geddes (executive)  
Alex Batchelor (executive)  
Ken Ford (non-executive)  
Robert Brand (non-executive)  
Graham Blashill (non-executive)

The Remuneration report on pages 22 to 25 sets out directors' interests in the shares of the Company

### Share capital

Changes in the share capital of the Company during the year are given in note 11 to the financial statements. As at 31 January 2014, the Company was aware of the following significant interests in the ordinary issued share capital of the Company

	At 31 January 2014	
	Number	%
John Kearon	3,859,996	30.7
Blackrock Investment Management (UK)	1,211,975	9.6
The Nomad Investment Partnership L.P.	1,092,088	8.7
Liontrust Asset Management	1,041,714	8.3
Herald Investment Management Limited	700,000	5.6
Standard Life Investments Ltd	643,847	5.1
Allianz Global Investors KAG	450,000	3.6
Cluny Hill Capital Limited	420,000	3.3



## Directors' report (continued)

### **Financial risk management**

The Group's activities expose it to the following financial risks to a small degree

#### ***Credit risk***

We manage credit risk on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents. Since the majority of the Group's clients are large blue-chip organisations, the Group rarely suffers a bad debt. The Group's cash balances are held, in the main, at HSBC Bank.

#### ***Market risk – Foreign exchange risk***

In addition to the United Kingdom, the Group operates in the United States, Continental Europe, Brazil, China, Singapore and India and is exposed to currency movements impacting future commercial transactions and net investments in those countries. Management believe that both foreign currency transaction and translation risk are not material to the financial performance of the Group.

#### ***Liquidity risk***

The Company monitors its cash balances regularly and holds its cash in immediately-available current accounts to minimise liquidity risk.

#### ***Other risks***

Management do not consider price risk or interest rate risk to be material to the Group.

### ***Capital risk management***

The Company manages its capital to ensure that it is able to continue as a going concern while maximising its return to shareholders. The Company's capital structure consists of cash and cash equivalents and share capital. The Group has no borrowings or borrowing facilities and is not subject to any externally imposed capital requirements.

The Group does not hedge its financial risks and has not entered into any derivative contracts.

### **Research and development**

BrainJuicer's Labs team is involved in the development and validation of new market research methods and products centred on Behavioural Science.

### **Purchase of own shares**

During the year the Company transferred 63,043 Ordinary Shares (with an aggregate nominal value of £630, representing 0.48% of the called up share capital of the Company) out of treasury to satisfy the exercise of employee share options over 63,043 Ordinary Shares, for cash consideration of £82,000. The Company subsequently repurchased 63,043 of these shares (with an aggregate nominal value of £630, representing 0.48% of the called up share capital of the Company) for cash consideration of £153,000.

Following these transactions, at 31 December 2013 there were 13,136,448 ordinary shares in issue (2012: 13,136,448) of which 572,784 shares were held in treasury (2012: 572,784).

## Directors' report (continued)

### Employees

The Group maintains fair employment practices, and attempts to eliminate all forms of discrimination and to give equal access. Wherever possible we provide the same opportunities for disabled people as for others. If an employee were to become disabled we would make every effort to keep him or her in our employment, with appropriate training where necessary.

### Health and safety policies

The Group does not have significant health and safety risks, and is committed to maintaining high standards of health and safety for its employees, visitors and the general public.

### Auditor

The Company will be seeking shareholder approval to reappoint its auditor, Grant Thornton UK LLP, at its Annual General Meeting.

ON BEHALF OF THE BOARD



James Geddes  
Chief Financial Officer  
20 March 2014

## Corporate governance report

### Introduction

The Board of BrainJuicer Group PLC is committed to high standards of corporate governance, which it considers a pre-requisite to support the growth and ambitions of the Group. Whilst it is not a requirement for companies listed on the Alternative Investment Market ("AIM") to comply with all the provisions in the UK Corporate Governance Code 2012, the Board takes the Code seriously. The Group also places particular importance on the guidelines issued by the Quoted Companies Alliance for Companies.

The Group does not comply with the UK Corporate Governance Code 2012. The Directors believe that full compliance is not practicable for a group of BrainJuicer's size and at its stage of development. This report sets out the procedures and systems currently in place at BrainJuicer and explains why the Board considers them effective.

### The Board

The Board comprises three executive directors and three independent non-executive directors. Their biographical details are presented on page 13.

The Board meets formally 11 times a year and no director in office during the year missed more than 1 meeting. The Board discharges its responsibilities through management team meetings and regular informal meetings as would be expected in a Group of BrainJuicer's size.

Ken Ford is Chairman of the Group and John Kearon its Chief Executive Officer. John is also the founder of BrainJuicer and a significant shareholder. His role centres on formulating the Group's strategy and driving its commercial development. The Board's three non-executive directors act as a sounding board and challenge the executive directors both at monthly Board meetings and on a regular and informal basis. Matters referred to the Board are considered by the Board as a whole and no one individual has unrestricted powers of decision. There are procedures and controls, including a schedule of matters that require the Board's specific approval. This schedule includes:

- Approval of the Group's strategy, long-term objectives and business plan,
- Approval of the extension of the Group's activities into new territories,
- Approval of significant capital expenditure beyond that budgeted,
- Changes relating to the Group's capital structure, including debt-raising, reduction of capital, share issues and buy-backs,
- Ensuring that the Group has effective reporting and internal control systems and an adequate risk assessment procedure,
- Nominations for Board and Committee appointments, and
- Consideration of key senior management appointments.

Where directors have concerns which cannot be resolved in connection with the running of the Group or a proposed action, their concerns would be recorded in the Board Minutes. This course of action has not been required to date.

The directors can obtain independent professional advice at the Company's own expense in performance of their duties as directors.

## Corporate governance report (continued)

### **The Board (continued)**

Each year at the Annual General Meeting, one-third of directors are required to retire by rotation, provided all directors are subject to re-election at intervals of no more than three years. This year, James Geddes and Ken Ford are scheduled to retire by rotation and have each confirmed their willingness to be put forward for re-election at the 2014 Annual General Meeting.

### **Non-executive directors**

The three non-executive directors are independent of management. The terms and conditions of the non-executive directors' appointments are available for inspection at the Company's registered office.

### **Remuneration Committee**

The Remuneration Committee membership and a summary of its terms of reference are on page 22.

### **Audit Committee**

The Audit Committee, comprising Robert Brand (Chairman), Graham Blashill and Ken Ford, the three non-executive directors, was established on 17<sup>th</sup> November 2006. Robert Brand has recent and relevant financial experience. If required, the committee is entitled to request independent advice at the Company's expense in order for it to effectively discharge its responsibilities.

The Committee's main role and responsibilities are to

- Monitor the integrity of the financial statements of the Group,
- Review the Group's internal financial controls and risk management systems,
- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor,
- Discuss the nature, extent and timing of the external auditor's procedures and discussion of external auditor's findings,
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process,
- Develop and implement policy on the engagement of the external auditor to supply non-audit services, and
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required, and
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

## Corporate governance report (continued)

### **Audit Committee (continued)**

The Committee is scheduled to meet twice in each financial year and at other times if necessary. The Group does not currently have an internal audit function, which the Board considers appropriate for a Group of BrainJuicer's size.

### **Internal control procedures**

The Board is responsible for the Group's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute assurance against material misstatement or loss.

The key features of the Group's internal controls are described below:

- The Group has a clearly-defined organisational structure with appropriate delegation of authority,
- The Board approves a one year budget. The budget is prepared in conjunction with Country Managers to ensure targets are feasible,
- The Group updates forecasts periodically to take into account the most recent estimates. On a monthly basis, actual results are compared to the budget and presented to the Board on a timely basis,
- The Board and senior management team review client and employee feedback,
- A limited number of directors and senior executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice or similar documentation,
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.

The Board in conjunction with the Audit Committee reviews the Group's internal control system on a periodic basis. The Board seeks to ensure risk assessment procedures and responses are continuously improved.

### **Communications with shareholders**

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

- The annual and interim statutory financial reports and associated investor and analyst presentations and reports,
- Announcements relating to trading or business updates released to the London Stock Exchange,
- The Annual General Meeting.

### **Going concern**

After making enquiries, at the time of approving the financial statements the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

## Remuneration report

### Remuneration Committee

The remuneration committee (the "Committee") comprises the three non-executive directors, Graham Blashill (Chairman), Robert Brand and Ken Ford. The Committee's main role and responsibilities are to

- Determine the remuneration and incentive packages for each of the Company's executive directors,
- Review and approve the remuneration and benefits of senior management,
- Review and make recommendations to the Board on the design of remuneration structures and levels of pay and other incentives for employees of the Group,
- Report to the Group's shareholders in relation to remuneration policies applicable to the Group's executive directors

The Committee may invite the Chief Executive Officer, the Chief Financial Officer and Chief Operating Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Financial Officer and Chief Operating Officer and of other senior executives of the Group. The Chief Executive Officer is not involved in setting his own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

### Remuneration policy

We aim to ensure that management remuneration encourages long-term shareholder value creation, is deemed fair from the points of view of all stakeholders, and is not excessive. The Committee takes into account remuneration packages of comparable companies.

### Share Options

We have stock options under an old employee stock option plan, for details please see note 11 to the Financial Statements. We are no longer granting options under the plan.

### Service agreements

John Kearon and James Geddes entered into service agreements with BrainJuicer Limited, a wholly-owned subsidiary of the Company on 22<sup>nd</sup> January 2003. The agreements include restrictive covenants which apply during employment and for a period of 12 months after termination. John Kearon's agreement can be terminated on six months' notice in writing by either the Company or by John. James Geddes' agreement can be terminated on 12 months' notice in writing by the Company and 6 months' notice by James.

### Non-executive directors

The remuneration of the non-executive directors is determined by the executive directors. Ken Ford, Robert Brand and Graham Blashill's appointments can be terminated on six months' notice in writing by either the Company or by the non-executive director.

## Remuneration report (continued)

### Directors' emoluments

Remuneration in respect of the directors was as follows

	Salary £	Benefits in kind £	Bonus £	2013 £	2012 £
John Kearon	190,400	3,730	57,120	251,250	194,027
James Geddes	165,075	4,458	49,523	219,056	168,898
Alex Batchelor	165,075	3,678	49,523	218,276	168,507
Ken Ford	33,990	-	-	33,990	33,990
Robert Brand	30,900	-	-	30,900	30,900
Graham Blashill	28,583	-	-	28,583	14,292
	<b>614,023</b>	<b>11,866</b>	<b>156,166</b>	<b>782,055</b>	<b>610,614</b>

Money purchase pension contributions in respect of the directors were as follows

	2013 £	2012 £
John Kearon	11,424	11,424
James Geddes	9,905	9,905
Alex Batchelor	9,905	9,904
	<b>31,234</b>	<b>31,233</b>

### Directors' interests

Directors' interests in Ordinary Shares of 1p each as at 31 December 2013 are shown below

	Number of 1p ordinary shares	
	31 December 2013	1 January 2013 (or date of appointment if later)
John Kearon	3,859,996	3,846,102
James Geddes	158,325	158,325
Alex Batchelor	101,852	101,852
Ken Ford	20,000	20,000
Robert Brand	30,000	30,000
Graham Blashill	5,000	5,000

## Remuneration report (continued)

### Directors' interests (continued)

Directors' interests in share options over 1p Ordinary Shares in the Company were as follows  
**Employee share scheme**

Date of grant	Earliest exercise date	Exercise price (p)	Number at 1 Jan 2013	Granted in year	Exercised in year	Number at 31 Dec 2013
<b>John Kearon</b>						
19/01/2007	01/01/2008	162 5p	60,213	-	-	60,213
<b>James Geddes</b>						
19/01/2007	01/01/2008	162 5p	60,213	-	-	60,213
<b>Alex Batchelor</b>						
22/03/2010	01/04/2011	149 0p	113,334	-	-	113,334
18/05/2010	01/01/2011	0 0p	116,666	-	-	116,666
			230,000	-	-	230,000
			350,426	-	-	350,426

### Long term incentives

In 2010 the Company established a long term incentive plan for senior executives

The awards vest on 30 April 2014 (the "Performance Date"), if what is called the "Achieved Share Price" is at least £3 per share, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on 29 April 2014

The total value payable under the scheme is calculated as 15% of the difference between the Achieved Share Price (if in excess of £3 per share), and £3 per share multiplied by the number of issued shares at the Performance Date. This is then allocated amongst the participants in the scheme in accordance with the number of units they were granted, as a percentage of the total number of units available to be awarded under the scheme (10,000 units)

Each of the three executive directors (John Kearon, James Geddes and Alex Batchelor), were awarded 1,235 units in 2010. During 2012 each of the three directors were awarded an additional 265 units. So the percentage of the total value payable under the scheme to each of them would be 15.00% (2012: 15.00%)

Payment under the scheme will be by way of shares (or zero cost options), where the number of shares (or zero cost options) granted to participants would be determined by reference to the value of the units and the share price at the Performance Date. At the Remuneration Committee's discretion payment under the scheme may be cash-settled.



## Remuneration report (continued)

### Long term incentives (continued)

The number of units awarded to directors during the year was as follows

Date of award	Performance Date	Expiry date	Share price target	Number at 1 Jan 2013	Granted in year	Exercised in year	Number at 31 Dec 2013
<b>John Kearon</b>							
18/05/2010	30/04/2014	18/05/2020	£3	1,500	-	-	1,500
<b>James Geddes</b>							
18/05/2010	30/04/2014	18/05/2020	£3	1,500	-	-	1,500
<b>Alex Batchelor</b>							
18/5/2010	30/04/2014	18/05/2020	£3	1,500	-	-	1,500

The Remuneration Committee believes that the dilution to shareholders would be relatively modest, given the growth in the Group's share price that must be achieved before any shares are awarded

For the three year period commencing 2014, the Remuneration Committee is proposing new arrangements for the remuneration of the management team which more closely follow the guidelines for quoted companies

Under this proposed scheme the executive directors will forego all annual bonuses, but receive equity options based on a substantial increase in earnings per share over the three years, backed by a share price underpin. The members of the senior management team will have an increased bonus potential of up to 50% of base salary, but without any future equity participation

The Remuneration Committee believes that this will

- align the executive directors' remuneration to the shareholder value they are attempting to create,
- provide flexible, simple and more immediate rewards for the wider management team,
- contain the dilutive impact on our equity

Graham Blashill  
Chairman of the Remuneration Committee  
20 March 2014

## Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to

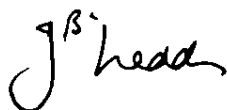
- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs and United Kingdom Accounting Standards in respect of the group and parent company financial statements respectively, have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors confirm that

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

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



James Geddes  
Company Secretary and Chief Financial Officer  
20 March 2014

## Independent auditor's report to the members of BrainJuicer Group PLC

We have audited the financial statements of BrainJuicer Group PLC for the year ended 31 December 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cashflow statement, the consolidated statement of changes in equity, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

As explained more fully in the Statement of Directors' responsibilities set out on page 26 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

### **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 31 December 2013 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

## Independent auditor's report to the members of BrainJuicer Group PLC (continued)

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

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

### **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

*Grant Thornton UK LLP*

Malcolm Gomersall  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Central Milton Keynes

20 March 2014

## Consolidated income statement

FOR THE YEAR ENDED 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Revenue</b>	4	<b>24,457</b>	20,822
Cost of sales		<u>(5,370)</u>	<u>(4,754)</u>
<b>Gross profit</b>		<b>19,087</b>	16,068
Administrative expenses		<u>(15,537)</u>	<u>(14,555)</u>
<b>Operating profit</b>	4	<b>3,550</b>	1,513
Gain on disposal of available for sale investments	7	<b>14</b>	-
Finance income	18	<b>1</b>	2
Finance costs	18	<u>(9)</u>	<u>-</u>
<b>Profit before taxation</b>		<b>3,556</b>	1,515
Income tax expense	19	<u>(1,121)</u>	<u>(477)</u>
<b>Profit for the financial year</b>		<b>2,435</b>	1,038
<b>Attributable to equity holders of the Company</b>		<b>2,435</b>	1,038
<b>Earnings per share attributable to the equity holders of the Company</b>			
Basic earnings per share	21	<b>19.4p</b>	8 3p
Diluted earnings per share	21	<b>18.7p</b>	7 9p

All of the activities of the Group are classed as continuing

## Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 December 2013

	2013 £'000	2012 £'000
<b>Profit for the financial year</b>	<b>2,435</b>	<b>1,038</b>
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
Exchange differences on translating foreign operations	(55)	(72)
Other comprehensive income for the year, net of tax	(55)	(72)
<b>Total comprehensive income for the year and amounts attributable to equity holders</b>	<b>2,380</b>	<b>966</b>

The notes on pages 34 to 58 are an integral part of these consolidated financial statements.

## Consolidated balance sheet

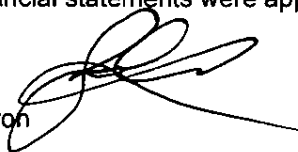
AS AT 31 December 2013

	Note	2013 £'000	2012 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	112	178
Intangible assets	6	1,000	1,260
Financial assets – available for sale investments	7	-	83
Deferred tax asset	20	670	293
		<b>1,782</b>	<b>1,814</b>
<b>Current assets</b>			
Inventories	9	238	51
Trade and other receivables	10	7,344	5,825
Cash and cash equivalents		6,188	3,755
		<b>13,770</b>	<b>9,631</b>
<b>Total assets</b>		<b>15,552</b>	<b>11,445</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	131	131
Share premium account		1,579	1,579
Merger reserve		477	477
Foreign currency translation reserve		(2)	53
Retained earnings		5,924	5,100
<b>Total equity</b>		<b>8,109</b>	<b>7,340</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Provisions	12	390	173
<b>Non-current liabilities</b>		<b>390</b>	<b>173</b>
<b>Current</b>			
Provisions	12	206	96
Trade and other payables	13	6,336	3,773
Current income tax liabilities		511	63
<b>Current liabilities</b>		<b>7,053</b>	<b>3,932</b>
<b>Total liabilities</b>		<b>7,443</b>	<b>4,105</b>
<b>Total equity and liabilities</b>		<b>15,552</b>	<b>11,445</b>

Registered Company No 05940040

These financial statements were approved by the directors on 20 March 2014 and are signed on their behalf by

John Kearon  
Director



James Geddes  
Director



The notes on pages 34 to 58 are an integral part of these consolidated financial statements.

# Consolidated cash flow statement

FOR THE YEAR ENDED 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Net cash generated from operations</b>	24	<b>5,343</b>	1,921
Tax paid		(835)	(824)
<b>Net cash generated from operating activities</b>		<b>4,508</b>	1,097
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(70)	(108)
Purchase of intangible assets		(69)	(123)
Sale of available for sale investments		97	-
Interest (paid)/received		(8)	2
<b>Net cash used by investing activities</b>		<b>(50)</b>	(229)
<b>Net cash flow before financing activities</b>		<b>4,458</b>	868
<b>Cash flows from financing activities</b>			
Proceeds from sale of treasury shares		82	325
Purchase of own shares		(153)	(733)
Dividends paid to owners		(1,903)	(388)
<b>Net cash used by financing activities</b>		<b>(1,974)</b>	(796)
<b>Net increase in cash and cash equivalents</b>		<b>2,484</b>	72
<b>Cash and cash equivalents at beginning of year</b>		<b>3,755</b>	3,683
<b>Exchange losses on cash and cash equivalents*</b>		<b>(51)</b>	-
<b>Cash and cash equivalents at end of year</b>		<b>6,188</b>	3,755

\* Foreign exchange losses on cash and cash equivalents for the year ended 31 December 2012 amounted to £48,000

The notes on pages 34 to 58 are an integral part of these consolidated financial statements.



# Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 December 2013

		Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2012</b>		131	1,579	477	125	4,676	6,988
<b>Profit for the financial year</b>		-	-	-	-	1,038	1,038
Other comprehensive income							
Currency translation differences		-	-	-	(72)	-	(72)
<b>Total comprehensive income</b>		-	-	-	(72)	1,038	966
Transactions with owners							
Employee share options scheme							
- value of employee services		-	-	-	-	175	175
- current tax credited to equity		-	-	-	-	127	127
- deferred tax debited to equity		-	-	-	-	(120)	(120)
Dividends paid to owners		-	-	-	-	(388)	(388)
Sale of treasury shares		-	-	-	-	325	325
Purchase of treasury shares		-	-	-	-	(733)	(733)
		-	-	-	-	(614)	(614)
<b>At 31 December 2012</b>		131	1,579	477	53	5,100	7,340
<b>Profit for the financial year</b>		-	-	-	-	2,435	2,435
Other comprehensive income							
Currency translation differences		-	-	-	(55)	-	(55)
<b>Total comprehensive income</b>		-	-	-	(55)	2,435	2,380
Transactions with owners							
Employee share options scheme							
- value of employee services		-	-	-	-	148	148
- deferred tax credited to equity	20	-	-	-	-	206	206
- current tax credited to equity		-	-	-	-	9	9
Dividends paid to owners		-	-	-	-	(1,903)	(1,903)
Sale of treasury shares		-	-	-	-	82	82
Purchase of treasury shares		-	-	-	-	(153)	(153)
		-	-	-	-	(1,611)	(1,611)
<b>At 31 December 2013</b>		131	1,579	477	(2)	5,924	8,109

The notes on pages 34 to 58 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 December 2013

## 1 General information

BrainJuicer Group PLC ("the Company") was incorporated on 19 September 2006 in the United Kingdom. The Company's principal operating subsidiary company, BrainJuicer Limited was at that time already well established, having been incorporated on 29<sup>th</sup> December 1999. The Company is United Kingdom resident. The address of the registered office of the Company, which is also its principal place of business, is given on page 14. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The Company and its subsidiaries (together "the Group") provide on-line market research services. Further detail of the Group's operations and its principal activity is set out in the Chairman's and CEO Statements and the Business and Financial Review on pages 4 to 11.

The financial statements for the year ended 31 December 2013 (including the comparatives for the year ended 31 December 2012) were approved by the board of directors on 20 March 2014.

## 2 Basis of Preparation

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

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

## 3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods, but the Group has not adopted them early.

**IFRS 9, 'Financial Instruments' (effective from 1 January 2015)** In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied (once endorsed by the EU).

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 3 Principal accounting policies (continued)

All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities.

#### Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2013. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All transactions and balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Furniture, fittings and equipment	5 years
Computer hardware	2 to 3 years

The residual value and useful life of each asset is reviewed and adjusted, if appropriate, at each balance sheet date.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### Intangible assets

#### Software

Acquired computer software licenses are capitalised at the cost of acquisition. These costs are amortised on a straight-line basis over their estimated useful economic life of two years.

Costs incurred in the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include professional fees and directly-attributable employee costs required to bring the software into working condition. Non-attributable costs are expensed under the relevant income statement heading.

Furthermore, internally-generated software is recognised as an intangible asset only if the Group can demonstrate all of the following conditions:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- (b) its intention to complete the intangible asset and use or sell it,
- (c) its ability to use or sell the intangible asset,
- (d) how the intangible asset will generate probable future economic benefits,
- (e) among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- (f) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- (g) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to administrative expenses in the period in which it is incurred. Once completed, and available for use in the business, internally developed software is amortised on a straight line basis over its useful economic life which varies between 2 and 7 years.

The Group's main research software platform, which it developed over a number of years, was brought into use on 1 January 2011 and is being amortised over its estimated useful economic life of 7 years.

Amortisation on all intangible assets is charged to administrative expenses.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### **Impairment of property, plant and equipment and intangible assets**

At each balance sheet date the Group reviews the carrying amount of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

### **Inventories – work in progress**

Work in progress comprises directly-attributable external costs on incomplete market research projects and is held in the balance sheet at the lower of cost and net realisable value.

### **Income taxes**

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement net of any incentives received from the lessor on a straight line basis over the period of the lease.

### **Revenue recognition**

Revenue is recognised only after the final written debrief has been delivered to the client, except on the rare occasion that a large project straddles a financial period end, and that project can be subdivided into separate discrete deliverables, in such circumstances revenue is recognised on delivery of each separate deliverable. Revenue is measured by reference to the fair value of consideration receivable, excluding sales taxes.

### **Cost of sales**

Cost of sales includes external costs attributable to client projects including respondent sample, data processing, language translation and similar costs.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### Employee benefits

All accumulating employee-compensated absences that are unused at the balance sheet date are recognised as a liability

The Group operates several defined contribution pension plans. The Group pays contributions to these plans based upon the contractual terms agreed with each employee. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

### Share-based payment transactions

The Group issues equity-settled share-based compensation to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest. With the exception of market-based awards, these estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods.

The fair value of option awards with time vesting performance conditions are measured at the date of grant using the Hoadley Employee Stock Option Valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of awards made with market-based performance conditions (for example, the entity's share price) are measured at the grant date using a Monte Carlo simulation method incorporating the market conditions in the calculations. The awards made in respect of the Group's long term incentive scheme have been measured using such a method.

Social security contributions payable in connection with the grant of share options is considered integral to the grant itself, and the charge is treated as a cash-settled transaction.

### Provisions

Provisions for sabbatical leave and dilapidations are recognised when the group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where material the increase in provisions due to passage of time is recognised as interest expense. The provision for sabbatical leave is measured using the projected unit credit method. The provision for dilapidations is measured at the present value of expenditures expected to be required to settle those obligations.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### Foreign currencies

Items included in the individual financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The consolidated financial statements are presented in Sterling ('GBP'), which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date,
- (b) income and expenses for each income statement are translated at average exchange rates, and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the main decision-making body of the Company, which collectively comprises the Executive Directors. The Executive Directors are responsible for allocating resources and assessing performance of the operating segments.

### Financial instruments

#### Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### **Available-for-sale financial assets**

'Available-for-sale' financial assets include all financial assets other than derivatives, loans and receivables. They are classified as non-current unless management intend to dispose of the investment within 12 months of the balance sheet date. Investments are initially recorded in the balance sheet at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value, with changes recognised in other comprehensive income.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to (and must be settled by delivery of) such unquoted equity instruments, are measured at cost.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### **Financial liabilities**

Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest rate method. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

### **Trade payables**

Trade payables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method.

### **Share capital**

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### **Share premium**

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

### **Merger reserve**

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method.



## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### **Foreign currency translation reserve**

The foreign currency translation reserve represents the differences arising from translation of investments in overseas subsidiaries

### **Treasury shares**

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in total shareholders' equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **Significant accounting estimates and judgements**

#### ***Share-based payments***

The fair value of options granted is determined using the Hoadley Employee Stock Option Valuation model (for the employee share option scheme) and a Monte Carlo simulation model (for the long term incentive scheme). These models require a number of estimates and assumptions. The significant inputs into the models are share price at grant date, exercise price, historic exercise multiples, expected volatility and the risk free rate. Volatility is measured at the standard deviation of expected share prices returns based on statistical analysis of historical share prices.

#### ***Employee benefits***

As explained in Note 12, the Group has a sabbatical leave scheme, open to all employees, that provides 20 days paid leave for each six years' of service. The provision for liabilities under the scheme is measured using the projected unit credit method. This model requires a number of estimates and assumptions. The significant inputs into the model are rate of salary growth and average staff turnover.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 4 Segment information

The Executive Directors ("the Executives") review the Group's internal reports in order to assess performance and allocate resources and have determined the operating segments

The Executives consider the business from both a geographic and product perspective, and when reviewing product performance, look particularly at the split between what it categorises as 'Juicy' and 'Twist' products

When reviewing the financial performance of each operating segment, the Executives look at revenue, gross profit, and operating profit / (loss) before allocation of central overheads. Interest income is not included in the result for each operating segment

	2013			2012		
	Revenue from external customers £'000	Gross margin £'000	Operating Profit/ (loss)* £'000	Revenue from external customers £'000	Gross margin £'000	Operating Profit/ (loss)* £'000
United Kingdom	8,859	6,843	4,908	7,960	6,105	3,935
North America	7,266	5,794	2,796	5,998	4,644	2,257
Switzerland, Italy & France	3,190	2,577	1,436	2,498	2,040	1,309
Germany	1,024	841	162	1,448	1,153	584
China & Singapore	1,461	1,112	491	1,345	1,004	583
Brazil	1,806	1,206	507	948	650	177
Netherlands	681	574	261	625	472	(79)
India	170	140	41	-	-	-
	<b>24,457</b>	<b>19,087</b>	<b>10,602</b>	<b>20,822</b>	<b>16,068</b>	<b>8,766</b>
Juicy	<b>18,197</b>	<b>14,455</b>		14,236	11,067	
% Juicy	74%	76%		68%	69%	
Twist	<b>6,260</b>	<b>4,632</b>		6,586	5,001	
% Twist	26%	24%		32%	31%	
	<b>24,457</b>	<b>19,087</b>		<b>20,822</b>	<b>16,068</b>	

Juicy products are BrainJuicer's new methodologies that challenge traditional approaches to market research. Twist products are industry standard quantitative research methods with an added "twist", BrainJuicer's qualitative diagnostics.

\*Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance teams and our Board of Directors

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 4 Segment information (continued)

A reconciliation of total operating profit for reportable segments to total profit before income tax is provided below

	2013 £'000	2012 £'000
<b>Operating profit for reportable segments</b>	<b>10,602</b>	<b>8,766</b>
Central overheads	(7,052)	(7,253)
<b>Operating profit</b>	<b>3,550</b>	<b>1,513</b>
Gain on disposal of available for sale investments	14	-
Finance costs - net	(8)	2
<b>Profit before income tax</b>	<b>3,556</b>	<b>1,515</b>

Revenues are attributed to geographical areas based upon the location in which the sale originated

Consolidated cash, trade receivable, property, plant and equipment and intangible asset balances are regularly provided to the executive directors but segment assets and segment liabilities are not, and accordingly the Company does not disclose segment assets and liabilities here

BrainJuicer Group PLC is domiciled in the UK. Revenue from external customers to the UK is £8,859,000 (2012 £7,960,000), and revenue from external customers to other countries is £15,598,000 (2012 £12,862,000)

Non-current assets other than financial instruments and deferred tax assets located in the UK is £1,067,000 (2012 £1,365,000), and these non-current assets located in other countries is £45,000 (2012 £73,000)

Revenues of £2,315,000 (2012 £1,476,000) are derived from the Group's largest single external customer, representing 9% (2012 7%) of group revenues. Revenues by operating segment are as follows

	2013 £	2012 £
UK	1,284,000	1,009,000
China and Singapore	351,000	287,000
Continental Europe	349,000	103,000
US	271,000	77,000
Brazil	60,000	-
	<b>2,315,000</b>	<b>1,476,000</b>

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 5 Property, plant and equipment

For the year ended 31 December 2013

	<b>Furniture, fittings and equipment £'000</b>	<b>Computer hardware £'000</b>	<b>Total £'000</b>
<b>At 1 January 2013</b>			
Cost	335	636	971
Accumulated depreciation	(259)	(534)	(793)
<b>Net book amount</b>	<b>76</b>	<b>102</b>	<b>178</b>
<b>Year ended 31 December 2013</b>			
Opening net book amount	76	102	178
Additions	4	66	70
Depreciation charge for the year	(41)	(95)	(136)
Foreign exchange	(1)	1	-
<b>Closing net book amount</b>	<b>38</b>	<b>74</b>	<b>112</b>
<b>At 31 December 2013</b>			
Cost	337	699	1,036
Accumulated depreciation	(299)	(625)	(924)
<b>Net book amount</b>	<b>38</b>	<b>74</b>	<b>112</b>

For the year ended 31 December 2012

	<b>Furniture, fittings and equipment £'000</b>	<b>Computer hardware £'000</b>	<b>Total £'000</b>
<b>At 1 January 2012</b>			
Cost	306	563	869
Accumulated depreciation	(193)	(385)	(578)
<b>Net book amount</b>	<b>113</b>	<b>178</b>	<b>291</b>
<b>Year ended 31 December 2012</b>			
Opening net book amount	113	178	291
Additions	31	77	108
Depreciation charge for the year	(66)	(149)	(215)
Foreign exchange	(2)	(4)	(6)
<b>Closing net book amount</b>	<b>76</b>	<b>102</b>	<b>178</b>
<b>At 31 December 2012</b>			
Cost	335	636	971
Accumulated depreciation	(259)	(534)	(793)
<b>Net book amount</b>	<b>76</b>	<b>102</b>	<b>178</b>

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

**6 Intangible assets**

	Software licenses £'000	Software £'000	Total £'000
<b>At 1 January 2013</b>			
Cost	429	1,672	2,101
Accumulated amortisation	(315)	(526)	(841)
<b>Net book amount</b>	<b>114</b>	<b>1,146</b>	<b>1,260</b>
<b>Year ended 31 December 2013</b>			
Opening net book amount	114	1,146	1,260
Additions	69	-	69
Amortisation charge	(100)	(229)	(329)
Foreign exchange	-	-	-
<b>Closing net book amount</b>	<b>83</b>	<b>917</b>	<b>1,000</b>
<b>At 31 December 2013</b>			
Cost	498	1,672	2,170
Accumulated amortisation	(415)	(755)	(1,170)
<b>Net book amount</b>	<b>83</b>	<b>917</b>	<b>1,000</b>
	Software licenses £'000	Software £'000	Total £'000
<b>At 1 January 2012</b>			
Cost	307	1,672	1,979
Accumulated amortisation	(233)	(297)	(530)
<b>Net book amount</b>	<b>74</b>	<b>1,375</b>	<b>1,449</b>
<b>Year ended 31 December 2012</b>			
Opening net book amount	74	1,375	1,449
Additions	123	-	123
Amortisation charge	(82)	(229)	(311)
Foreign exchange	(1)	-	(1)
<b>Closing net book amount</b>	<b>114</b>	<b>1,146</b>	<b>1,260</b>
<b>At 31 December 2012</b>			
Cost	429	1,672	2,101
Accumulated amortisation	(315)	(526)	(841)
<b>Net book amount</b>	<b>114</b>	<b>1,146</b>	<b>1,260</b>

Software comprises the Group's main research software platform, which it developed over a number of years and introduced in 2011, at a cost of £1,604,000. It is being amortised over 7 years and has a remaining amortisation period of 4 years. The carrying amount of this asset at the balance sheet date was £917,000 (2012: £1,146,000).

# Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

## 7 Financial assets – available for sale investments

During the year the Company sold its minority investment in Slater Marketing Group Pty Limited for cash consideration of £97,000 realising a gain of £14,000. As at 31 December 2012 the carrying amount of the investment was £83,000 after cumulative impairment charges of £50,000.

## 8 Financial risk management

The Group's financial risk management policies and objectives are explained in the Directors' report on page 17.

### Credit risk

Credit risk is managed on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents. Management regularly monitors receivables reports on a Group basis. Since the vast majority of the Group's clients are large blue-chip organisations, the Group has only ever suffered minimal bad debts. The Group has concentrations of credit risk as follows:

	2013 £'000	2012 £'000
<b>Cash and cash equivalents</b>		
HSBC Bank PLC	6,070	3,532
Deutsche Bank	65	35
UBS	38	188
Other banks	15	-
	<u>6,188</u>	<u>3,755</u>
<b>Trade receivables</b>		
Largest customer by revenue	<u>956</u>	<u>422</u>

### Financial instruments by category

At the balance sheet date the Group held the following financial instruments by category:

#### Assets as per balance sheet

	2013 £'000	2012 £'000
<b>Loans and receivables</b>		
Trade and other receivables (excluding prepayments and accrued income)	6,758	5,679
Cash and cash equivalents	6,188	3,755
<b>Available-for-sale</b>		
Available-for-sale financial assets	-	83
	<u>12,946</u>	<u>9,517</u>

#### Liabilities as per balance sheet

##### Other Financial liabilities carried at amortised cost

	2013 £'000	2012 £'000
Trade payables	1,402	1,040
Accruals	4,334	2,084
	<u>5,736</u>	<u>3,124</u>

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 8 Financial risk management (continued)

The table below analyses the Group's financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Other Financial liabilities carried at amortised cost	<u>5,736</u>	<u>-</u>	<u>-</u>

These cash outflows will be financed from existing cash reserves and operating cash flows.

### 9 Inventory

	2013 £'000	2012 £'000
Work in progress	<u>238</u>	<u>51</u>

### 10 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	6,544	5,515
Other receivables	214	164
Prepayments	586	146
	<u>7,344</u>	<u>5,825</u>

Trade and other receivables are due within one year and are not interest bearing. The maximum exposure to credit risk at the balance sheet date is the carrying amount of receivables detailed above. The Group does not hold any collateral as security. The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

As of 31 December 2013, trade receivables of £1,595,000 (2012: £1,261,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows	2013 £'000	2012 £'000
Up to 3 months	944	755
3 to 6 months	651	506
	<u>1,595</u>	<u>1,261</u>

As of 31 December 2013, trade receivables of £Nil (2012: £Nil) were impaired. Since the vast majority of the Group's clients are large blue-chip organisations, the Group rarely suffers a bad debt.

# Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

## 10 Trade and other receivables (continued)

The carrying amount of the Group's trade and other receivables are denominated in the following currencies

	2013 £'000	2012 £'000
US Dollar	2,168	1,933
Sterling	1,964	1,656
Euro	1,460	1,196
Swiss Franc	833	456
Chinese Yuan	259	212
Singapore Dollar	294	162
Brazilian Real	268	105
Canadian Dollar	25	38
Indian Rupee	63	-
Hungarian Forint	-	28
Japanese Yen	-	25
Argentine Peso	-	14
	<u>7,344</u>	<u>5,825</u>

## 11 Share capital

The share capital of BrainJuicer Group PLC consists only of fully paid ordinary shares with a par value of 1p each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the Annual General Meeting.

Allotted, called up and fully paid:

	Ordinary shares	
	Number	£'000
At 31 December 2013, 1 January 2013 and 1 January 2012	<u>13,136,448</u>	<u>131</u>

During the year, the Company transferred 63,043 ordinary shares out of treasury to satisfy the exercise of employee share options over 63,043 ordinary shares at a weighted average exercise price of 130.7 pence per share for total consideration of £82,000. The weighted average share price at exercise date was 241.4 pence per share.

The Company subsequently repurchased 63,043 of these shares at a weighted average price of 241.4 pence per share. The total consideration payable on repurchase (including stamp duty and commission) amounted to £153,000.

Following these transactions, at the end of the reporting period the number of ordinary shares numbered 13,136,448 (2012: 13,136,448) of which shares held in treasury numbered 572,784 (2012: 572,784). The treasury shares will be used to help satisfy the requirements of the Group's share incentive schemes.

The Company does not have an obligation to repurchase shares upon the exercise of share options.



# Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

## 11 Share capital (continued)

### Share options

#### Employee share option scheme

The Group issues share options to directors and to employees under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme and for awards which do not qualify for EMI, an unapproved scheme

Generally the exercise price for share options is equal to the mid-market opening quoted market price of the Company shares on the date of grant, and in general, they vest evenly over a period of one to three years following grant date. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited in some circumstances if the employee leaves the Group before the options vest, unless otherwise agreed by the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows

	2013		2012	
	Average exercise price per share Pence	Options No	Average exercise price per share Pence	Options No
Outstanding at 1 January	127.4	900,215	116.3	1,204,614
Granted	-	-	296.5	28,064
Lapsed	94.0	(2,006)	131.5	(11,666)
Exercised	130.7	(63,043)	101.3	(320,797)
Outstanding at 31 December	127.2	835,166	127.4	900,215
Exercisable at 31 December	121.8	810,791	120.6	708,777

The weighted average share price at date of exercise of options exercised during the year was 241.4 (2012 304.9) pence. No options were granted during the year.

The fair value of options granted was determined using the Hoadley Employee Stock Option Valuation model.

For option grants made in the prior year, significant inputs into the model included a weighted average share price of 296.5 pence at grant date, the exercise prices shown above, weighted average volatility of 28.1%, dividend yield of 0.89%, an expected option life derived from historic exercise multiples and an annual risk-free interest rate of 0.55%.

The expected volatility inputs to the model were calculated using historic daily share prices of the Company's shares.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 11 Share capital (continued)

At 31 December, the Group had the following outstanding options and exercise prices

Expiry date	2013			2012		
	Average exercise price per share Pence	Options No	Weighted average remaining contractual life Months	Average exercise price per share Pence	Options No	Weighted average remaining contractual life Months
2014	11.4	6,021	15.0	11.4	6,021	27.0
2015	62.3	35,826	28.0	62.3	37,030	39.9
2016	62.3	15,055	40.8	62.3	20,876	52.0
2017	162.5	150,533	49.0	162.5	150,533	61.0
2018	147.5	74,771	63.0	147.5	101,857	75.0
2019	94.0	135,368	73.0	94.0	137,374	85.0
2020	96.0	344,464	87.3	98.8	373,396	99.1
2021	296.3	45,064	104.1	296.3	45,064	116.1
2022	296.5	28,064	109.0	296.5	28,064	121.0
At 31 December	<u>127.2</u>	<u>835,166</u>	<u>73.6</u>	<u>127.4</u>	<u>900,215</u>	<u>85.4</u>

#### Long term incentive plan

In 2010 the Company established a long term incentive plan for senior executives. All awards vest on 30 April 2014, the Performance Date, if the Achieved Share Price is at least £3, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on the day prior to the relevant Performance Date. The method used to determine the number of ordinary shares that may be acquired through the exercise of options granted under the award is explained in the Remuneration Report on page 24.

The number of units outstanding at 31 December 2013 numbered 10,000 (2012: 10,000). The weighted average fair value of the 2,431 units granted during 2012 was £81 per unit and those instruments were valued using a Monte Carlo simulation method using a weighted average share price at grant date of 328 pence, a share illiquidity discount factor of 10%, weighted average expected volatility of 18.4% (derived from the average of annualized standard deviations of daily continuously compounded returns on the Company's stock, calculated back from the date of grant to the date of float), a weighted average risk-free rate of 0.18% and a weighted average expected dividend yield of 0.92%.

#### Share-based payment charge

The total charge for the year relating to equity-settled employee share-based payment plans (for both the employee stock option plan and the senior executive long term incentive plan) was £148,000 (2012: £175,000).

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

**12 Provisions**

	Sabbatical provision £'000	Dilapidation provisions £'000	Total £'000
At 1 January 2012	122	81	203
Provided in the year	77	-	77
Utilised in the year	(14)	-	(14)
Exchange differences	4	(1)	3
At 31 December 2012	189	80	269
Provided in the year	361	-	361
Utilised in the year	(33)	-	(33)
Exchange differences	(1)	-	(1)
At 31 December 2013	516	80	596
Of which			
Current	206	-	206
Non-current	310	80	390
	516	80	596

The Group has a sabbatical leave scheme, open to all employees. Until 2012 the scheme provided 20 days paid leave after six years' service. During the year the Group extended the scheme to provide 20 days paid leave for each successive period of 6 years' service.

There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is measured using the projected unit credit method. The calculation of the provision assumes an annual rate of growth in salaries of 7% (2012: 5%), a discount rate of 3% (2012: 5%), based upon good quality 6-year corporate bond yields, and an average staff turnover rate of 15% (2012: 15%).

Dilapidation provisions represent the Group's best estimate of costs required to meet its obligations under property lease agreements.

**13 Trade and other payables**

	2013 £'000	2012 £'000
Trade payables	1,402	1,040
Social security and other taxes	600	649
Accruals and deferred income	4,334	2,084
	6,336	3,773

Trade and other payables are due within one year and are not interest bearing. The contractual terms for the payment of trade payables are generally 45 days from receipt of invoice.

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 14 Commitments

The Group leases offices under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows

	2013 £'000	2012 £'000
No later than 1 year	409	305
Later than 1 but no later than 5 years	479	403
	<u>888</u>	<u>708</u>

Included within the amounts disclosed above, the Group has the benefit of seven months rent free for the first three years of a lease with an annual rental commitment of £163,000. At this and the comparative balance sheet date no rent free month was outstanding. The benefit of the rent free months has been spread over the period of the lease to the first break point in 2013.

### 15 Expenses by nature

	2013 £'000	2012 £'000
Changes in work in progress	237	1
Employee benefit expense	11,563	9,783
Depreciation and amortisation	465	526
Net foreign exchange losses	114	160
Other expenses	8,528	8,839
	<u>20,907</u>	<u>19,309</u>
<i>Analysed as</i>		
Cost of sales	5,370	4,754
Administrative expenses	15,537	14,555
	<u>20,907</u>	<u>19,309</u>

### 16 Profit before taxation

Profit before taxation is stated after charging

	2013 £'000	2012 £'000
<b>Services provided by the company's auditor and its associates</b>		
Fees payable to the company's auditor and its associates for the audit of the parent company and consolidated financial statements	38	38
Fees payable to the company's auditor and its associates for other services		
- Audit-related assurance services	3	3
- Taxation compliance services	27	17
- Tax advisory services	9	8
- Other services	3	-
<b>Operating lease expenses - Land and buildings</b>	465	426
<b>Depreciation and amortisation</b>	465	526
<b>Net loss on foreign currency translation</b>	<u>114</u>	<u>160</u>

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 17 Employee benefit expense

The average number of staff employed by the group during the financial year amounted to

	2013 No	2012 No
Number of administrative staff	<u>138</u>	<u>148</u>

The aggregate employment costs of the above were

	2013 £'000	2012 £'000
Wages and salaries	8,868	7,803
Social security costs	1,372	845
Pension costs – defined contribution plans	343	260
Long service leave cost	327	63
Share based remuneration	148	175
Redundancies (including social security costs of £15,000)	123	260
Medical benefits	382	377
	<u>11,563</u>	<u>9,783</u>

The directors have identified 6 (2012 6) key management personnel, including three executive and three non-executive directors

Compensation to key management is set out below

	2013 £'000	2012 £'000
Short-term employee benefits (salaries, bonuses and benefits in kind)	782	639
Post-employment benefits (pension costs – defined contribution plans)	31	31
Share-based payment	55	66
	<u>868</u>	<u>736</u>

Details of directors' emoluments are given in the Remuneration Report on page 23

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 18 Finance income and costs

	2013 £'000	2012 £'000
Bank interest receivable	1	2
Other interest payable	(9)	-
<b>Net finance costs</b>	<b>(8)</b>	<b>2</b>

### 19 Income tax expense

	2013 £'000	2012 £'000
Current tax	1,298	599
Deferred tax	(177)	(122)
	<b>1,121</b>	<b>477</b>

Income tax expense for the year differs from the standard rate of taxation as follows

Profit on ordinary activities before taxation	<b>3,556</b>	<b>1,515</b>
Profit on ordinary activities multiplied by standard rate of tax of 23.2% (2012: 24.5%)	<b>825</b>	<b>371</b>
Difference between tax rates applied to Group's subsidiaries	<b>87</b>	<b>53</b>
Expenses not deductible for tax purposes	<b>9</b>	<b>55</b>
Tax on intra-group management charges (Brazil and China)	<b>204</b>	<b>-</b>
Adjustment to current tax in respect of prior years	<b>2</b>	<b>14</b>
Credit on exercise of share options taken to income statement	<b>(6)</b>	<b>(16)</b>
<b>Total tax</b>	<b>1,121</b>	<b>477</b>

# Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

## 20 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows

	2013 £'000	2012 £'000
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	476	293
- Deferred tax assets to be recovered within 12 months	226	63
	<u>702</u>	<u>356</u>
Deferred tax liabilities		
- Deferred tax liability to be recovered within 12 months	(32)	(63)
Deferred tax asset (net)	<u>670</u>	<u>293</u>

The gross movement in deferred tax is as follows

	2013 £'000	2012 £'000
At 1 January	293	288
Foreign exchange differences	(6)	3
Income statement credit	177	122
Tax credited/(debited) directly to equity	206	(120)
At 31 December	<u>670</u>	<u>293</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows

### Deferred tax assets

	Other provisions £'000	Overseas tax losses £'000	Share option scheme £'000	Dilapidation provisions £'000	Sabbatical provision £'000	Total £'000
At 1 January 2013	43	58	194	15	46	356
Foreign exchange differences	(3)	1	(4)	-	(1)	(7)
Credited to income statement	(32)	26	80	(2)	75	147
Credited directly to equity	-	-	206	-	-	206
At 31 December 2013	<u>8</u>	<u>85</u>	<u>476</u>	<u>13</u>	<u>120</u>	<u>702</u>

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 20 Deferred tax (continued)

Deferred tax liabilities	Accelerated capital allowances £'000
At 1 January 2013	(63)
Foreign exchange differences	1
Credited to income statement	30
<b>At 31 December 2013</b>	<b>(32)</b>

There are no unrecognised deferred tax assets. Deferred tax assets are recognised only to the extent that their recoverability is considered probable. The deferred tax asset in respect of the company's share option scheme relates to corporate tax deductions available on exercise of employee share options.

### 21 Earnings per share

#### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013 £'000	2012 £'000
<b>Profit attributable to equity holders of the Company</b>	<b>2,435</b>	1,038
Weighted average number of ordinary shares in issue	12,563,664	12,520,480
<b>Basic earnings per share</b>	<b>19.4p</b>	8.3p

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to ordinary shares.

	2013 £'000	2012 £'000
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share	2,435	1,038
Weighted average number of ordinary shares in issue	12,563,664	12,520,480
Share options	426,759	587,463
Weighted average number of ordinary shares for diluted earnings per share	12,990,423	13,107,943
<b>Diluted earnings per share</b>	<b>18.7p</b>	7.9p



# Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

## 22 Dividends per share

	2013 £'000	2012 £'000
Dividends paid on Ordinary Shares		
Interim, 0.9 pence per share (2012: 0.85 pence per share)	112	107
Special dividend, 12 pence per share (2012: NIL)	1,508	-
	<u>1,620</u>	<u>107</u>
Final dividend relating to 2012, 2.25 pence per share (2012: 2.25 pence per share relating to 2011)	283	281
	<u>1,903</u>	<u>388</u>
Total ordinary dividends paid in the year		

The directors are proposing a final dividend in respect of the year ended 31 December 2013 of 3 pence per share, and a second special dividend of 12.0 pence per share. These financial statements do not reflect these proposed dividends.

## 23 Related party transactions

The wife of Mark Muth, a director of the Company for part of the prior year, provided consultancy services for the Group during 2012 totalling £1,750. There was no balance outstanding as at 31 December 2012. During the prior year, the Group made sales to companies connected to Unilever Ventures, of which Mark Muth is a director, totalling £1,475,767. The balance outstanding as at 31 December 2012 amounted to £422,169. Mark Muth resigned as a director of BrainJuicer in 2012 and is no longer connected to the Group. Services are sold to related parties on an arm's length basis at prices available to third parties. Dividends paid to directors were as follows:

	2013 £	2012 £
John Kearon	584,477	125,171
James Geddes	23,986	5,246
Alex Batchelor	15,431	3,157
Ken Ford	3,030	620
Robert Brand*	4,545	930
Graham Blashill**	758	155
	<u>632,227</u>	<u>135,279</u>

\*appointed 5<sup>th</sup> January 2012

\*\*appointed 1<sup>st</sup> July 2012

## Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 December 2013

### 24 Cash generated from operations

	2013 £'000	2012 £'000
Profit before taxation	3,556	1,515
Depreciation	136	215
Amortisation	329	311
Impairment of available for sale financial assets	-	50
Gain on disposal of available for sale investments	(14)	-
Interest paid/(received)	8	(2)
Share-based payment expense	148	175
Increase in inventory	(187)	(1)
(Increase)/decrease in receivables	(1,519)	262
Increase/(decrease) in payables	2,890	(539)
Exchange differences on operating items	(4)	(65)
Net cash generated from operations	<u>5,343</u>	<u>1,921</u>

### 25 Seasonality of revenues

Group revenues tend to be higher in the second-half of the financial year than in the first six months

For the year ended 31 December 2013, revenues for the second half of the year represented 56% of total revenues compared to 50% for the year ended 31 December 2012

### 26 Audit exemption

BrainJuicer Limited, company number 03900547, is exempt from the requirements for the Companies Act 2006 relating to the audit of accounts under section 479A

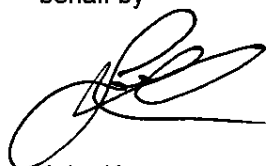
# Company balance sheet

AS AT 31 December 2013

		2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	3	1,054	1,337
Investments	4	581	664
		<u>1,635</u>	<u>2,001</u>
<b>Current assets</b>			
Stock – work in progress		5	-
Debtors	5	1,158	1,636
Cash at bank		2,047	1,309
		<u>3,210</u>	<u>2,945</u>
<b>Creditors – amounts falling due within one year</b>	6	<u>(1,553)</u>	<u>(1,136)</u>
<b>Net current assets</b>		<u>1,657</u>	<u>1,809</u>
<b>Total assets less current liabilities</b>		<u>3,292</u>	<u>3,810</u>
<b>Capital and reserves</b>			
Share capital	7	131	131
Share premium account	8	1,579	1,579
Retained earnings	8	1,582	2,100
<b>Equity shareholders' funds</b>		<u>3,292</u>	<u>3,810</u>

Registered Company No 05940040

These financial statements were approved by the directors on 20 March 2014 and are signed on their behalf by



John Kearon  
Director



James Geddes  
Director

## Notes to the company financial statements

### 1 Accounting policies

#### Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

#### Investments

Fixed asset investments are shown at cost less provision for impairment.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write-off the cost of all property, plant and equipment to its residual value on a straight-line basis over its useful economic life. Depreciation rates are as follows:

Computer hardware	2 to 3 years
Furniture, fittings and equipment	5 years
Software	2 to 7 years

Assets in the course of construction and not yet ready for use are not depreciated until completed and ready for use.

#### Debtors

Debtors are stated at nominal value reduced by estimated irrecoverable amounts.

#### Related party transactions

In accordance with Financial Reporting Standard Number 8 Related Party Disclosures, the company is exempt from disclosing transactions with wholly-owned entities that are part of the BrainJuicer Group as it is a parent company publishing consolidated financial statements.

#### Share-based payments

Equity-settled, share-based payments are measured at fair value at the date of grant. Equity-settled, share-based payments that are made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

### 2 Profit/(loss) for the year

The Company has made full use of the exemptions as permitted by Section 408 of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company profit for the year to 31 December 2013 of £1,308,000 (2012: £152,000 loss) is included in the Group profit for the financial year. Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report on pages 23 to 26.

## Notes to the company financial statements (continued)

**3 Tangible assets**

<b>Cost</b>	<b>Computer hardware £'000</b>	<b>Furniture and equipment £'000</b>	<b>Software £'000</b>	<b>Total £'000</b>
At 1 January 2013	381	153	1,604	2,138
Additions	116	-	-	116
At 31 December 2013	<u>497</u>	<u>153</u>	<u>1,604</u>	<u>2,254</u>
<b>Accumulated depreciation</b>				
At 1 January 2013	220	123	458	801
Provided in the year	143	27	229	399
At 31 December 2013	<u>363</u>	<u>150</u>	<u>687</u>	<u>1,200</u>
<b>Net book amount</b>				
At 31 December 2013	<u>134</u>	<u>3</u>	<u>917</u>	<u>1,054</u>
At 31 December 2012	<u>161</u>	<u>30</u>	<u>1,146</u>	<u>1,337</u>

**4 Investments**

	<b>Other investments £'000</b>	<b>Group companies £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2013	133	581	714
Disposal	(133)	-	(133)
At 31 December 2013	<u>-</u>	<u>581</u>	<u>581</u>
<b>Amounts written off</b>			
At 1 January 2013	50	-	50
Disposal	(50)	-	(50)
At 31 December 2013	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book amount</b>			
At 31 December 2013	<u>-</u>	<u>581</u>	<u>581</u>
At 31 December 2012	<u>83</u>	<u>581</u>	<u>664</u>

## Notes to the company financial statements (continued)

### 4 Investments (continued)

#### Subsidiary undertakings

Details of subsidiary undertakings at 31 December 2013 are as follows

	Activity	Interest in issued share capital	Country of incorporation
BrainJuicer Limited*	Provision of online market research services	100%	UK
BrainJuicer BV	Provision of online market research services	100%	Netherlands
BrainJuicer Inc	Provision of online market research services	100%	USA
BrainJuicer Canada Inc	Provision of online market research services	100%	Canada
BrainJuicer Sarl	Provision of online market research services	100%	Switzerland
BrainJuicer GmbH	Provision of online market research services	100%	Germany
BrainJuicer Marketing Consulting (Shanghai) Co., Ltd	Provision of online market research services	100%	China
BrainJuicer Do Brazil Servicos de Marketing LTDA	Provision of online market research services	100%	Brazil
BrainJuicer Srl	Provision of online market research services	100%	Italy
BrainJuicer France SARL	Provision of online market research services	100%	France
BrainJuicer Market Research Pte Ltd	Provision of online market research services	100%	Singapore
BrainJuicer India Private Limited	Provision of online market research services	100%	India

\*BrainJuicer Limited is a direct subsidiary of BrainJuicer Group PLC. The remaining subsidiaries are each direct subsidiaries of BrainJuicer Limited.

### 5 Debtors

	2013 £'000	2012 £'000
Trade debtors	50	167
Amounts due from group undertakings	718	1,313
Prepayments	185	94
Other debtors	62	2
Deferred tax asset	143	60
	<b>1,158</b>	<b>1,636</b>

## Notes to the company financial statements (continued)

### 6 Creditors – Amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	238	413
Corporation tax	52	141
Accruals and deferred income	1,263	582
	<u>1,553</u>	<u>1,136</u>

### 7 Share capital

Allotted, called up and fully paid

	Number	£'000
At 31 December 2013, 1 January 2013 and 1 January 2012	<u>13,136,448</u>	<u>131</u>

### 8 Reserves

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2013	131	1,579	2,100	3,810
Share-based payments	-	-	148	148
Profit for the financial year	-	-	1,308	1,308
Dividend paid	-	-	(1,903)	(1,903)
Sale of treasury shares	-	-	82	82
Purchase of own shares	-	-	(153)	(153)
<b>At 31 December 2013</b>	<u><b>131</b></u>	<u><b>1,579</b></u>	<u><b>1,582</b></u>	<u><b>3,292</b></u>

### 9 Audit exemption

BrainJuicer Limited, company number 03900547, is exempt from the requirements for the Companies Act 2006 relating to the audit of accounts under section 479A