



# Ideagen plc

Annual Report and Accounts  
Year Ended 30 April 2015

Registration number: 02805019



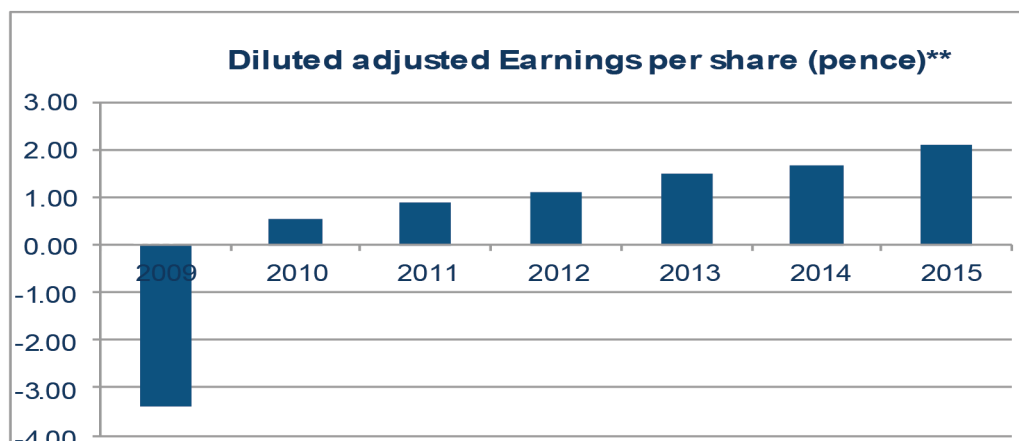
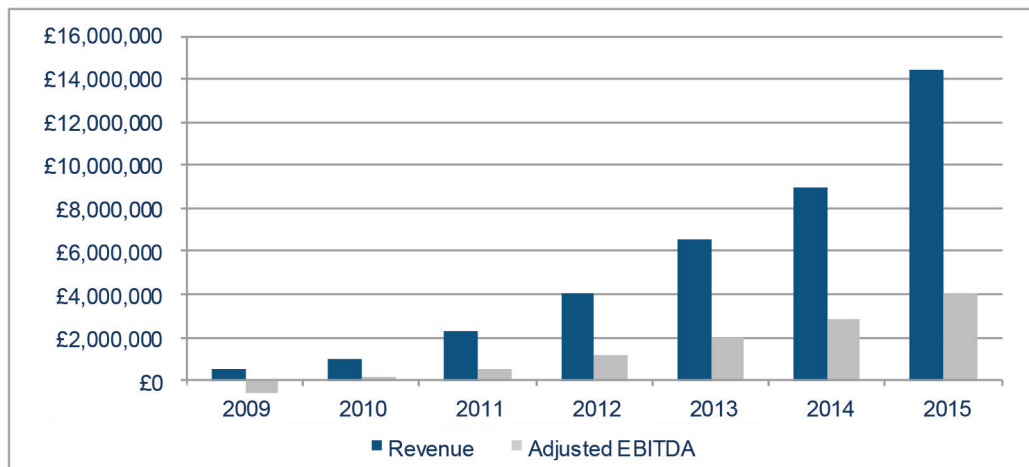


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# Welcome to Ideagen

- Ideagen is a UK company quoted on the AIM market of the London Stock Exchange (Ticker: IDEA.L) and is a leading supplier of information management software to highly regulated industries
- The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Transport, Aerospace & Defence, Manufacturing and Financial Services Sectors.
- Ideagen has operations in the UK, the USA and the Middle East and a network of partners servicing Asia Pacific, Europe and South America
- Ideagen is able to provide complete content lifecycle solutions that enable organisations to meet their Regulatory and Compliance standards, helping them to reduce corporate risks and deliver operational excellence
- The Group has over 1500 customers including 7 of the top 10 UK accounting firms, over 80% of NHS Trusts and the top 7 global Aerospace and Defence companies
- The Group has grown both organically and through a number of strategic acquisitions and this year's results represent the sixth consecutive year of growth in revenue, adjusted EBITDA and adjusted earnings per share.



\*Before share-based payments, costs of acquiring businesses and other exceptional items

\*\*Before share-based payments, amortisation of acquisition intangibles, costs of acquiring businesses and other exceptional items

## Ideagen plc

### Officers and advisors

#### Directors

##### **Jonathan Wearing** - Non-Executive Chairman

Jonathan was formerly a director in the London corporate finance department of Citicorp Investment Bank Limited and previously worked in the corporate banking group of Citibank in London. He has run corporate advisory and consultancy businesses in the City for the last 20 years and has worked on training and lecturing assignments with a wide variety of institutions in many parts of the world. He is an early stage investor in technology companies and holds a number of directorships. Jonathan has an MA in Economics from Cambridge University.

##### **David Hornsby** - Chief Executive Officer

David has been the Chief Executive of Ideagen Plc since June 2009 and has over 20 years' experience in the technology sector. David has held a number of senior management positions in both UK and US based software companies including Smart Workforce Management Plc, Parametric Technology Corporation and Profund Systems Limited.

##### **Graeme Spenceley** - Chief Financial Officer & Company Secretary

Graeme has been a chartered accountant for over 25 years. He spent 18 years with KPMG, initially specialising in audit where he managed a number of public company clients and later as an associate director in Transaction Services which specialised in the provision of due diligence and reporting accountant services to corporates, private equity companies and banks. Graeme was appointed to the Board of Ideagen in March 2010.

##### **Alan Carroll** - Independent Non-Executive Director

Alan has 25 years' experience in the information systems industry during which he has worked in a senior capacity in the development of the Ministry of Defence's Information System Strategy. He has also been a senior sales manager and advisor to a number of major companies including Unisys where he was head of sales for defence with responsibility for £55 million of new sales. More recently he has founded a number of systems and software consultancies and been an early stage investor in technology start-ups. He is currently managing director of Ultris Limited and Ultris Information Services Limited which are both primarily focused on the UK confidential government market. Alan has an MSc in Design of Information Systems from Cranfield Institute of Technology. Alan was appointed to the Board in June 2012.

#### Advisors

##### **Nomad & Broker**

finncap  
60 New Broad Street  
London  
EC2M 1JJ

##### **Auditor**

Baker Tilly UK Audit LLP  
Suite A, 7th Floor, City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

##### **Solicitors**

Howard Kennedy  
No.1 London Bridge  
London  
SE1 9BG

Spring Law  
65 Chandos Place  
London  
WC2N 4HG

##### **Registered office**

Lime Tree Business Park  
Lime Tree Road  
Matlock  
Derbyshire, DE4 3EJ

## Financial and Operational Highlights

### Financial Highlights

- Revenue up 60% to £14.4m (2014: £9.0m)
- Pro-forma organic revenue growth of 5.3%\*\*\*
- Annualised recurring revenues of £10.6m at year end
- Adjusted EBITDA\* up 43% to £4.0m (2014: £2.8m)
- Adjusted diluted EPS\*\* up by 26% to 2.11 pence (2014: 1.67 pence)
- Profit before tax of £0.61m (2014: £1.07m)
- Cash generated by operations of £2.25m (2014: £1.69m)
- Net cash at year end of £5.3m (2014: £4.0m)
- Proposed final dividend increased by 10% to 0.11 pence per share
  - making a total of 0.165 pence (2014: 0.15 pence) per share

### Operational Highlights

- Transformational acquisition and integration of Gael helping scale the business whilst supporting the Group's GRC and Healthcare strategy
- Acquisition and integration of EIBS strengthening the Group's position in the UK Healthcare sector and providing the Group with leading portal and mobile technology
- Appointment of Ashley Marron as Group COO and Ben Dorks as Group Sales and Marketing Director
- Launch of dart/Portal, a Patient Information Portal based on EIBS technology
- Largest single NHS contract win to date at Doncaster and Bassetlaw NHS Trust worth £1million over 5 years
- Strong account management and customer retention resulting in support and maintenance contract renewal rate of 96%

\* Before share-based payments, costs of acquiring businesses and other exceptional items

\*\* Before share-based payments, amortisation of acquisition intangibles, costs of acquiring businesses and other exceptional items

\*\*\* based on a comparison of revenue in the year under review with pro-forma revenue for the comparative period adjusted for acquisitions and excluding revenue from the VA Prism contract which ended in 2013

### **Chairman's Statement**

This has been a productive and transformational year for the business. The Group has continued to perform strongly during the period and the integration of our most recent acquisition, Gael, is progressing as planned. The addition of Gael has allowed the Group to significantly broaden the customer base, strengthen the solution set, and gain further scale in our core Governance, Risk and Compliance (GRC) markets.

In the year to 30 April 2015 we have successfully delivered on ambitious targets, delivering strong growth in revenue and profit through both organic and acquisitive growth. Adjusted EPS, an important financial metric for the Group, increased by 26% to 2.11p, representing our sixth consecutive period of earnings growth. At the same time, we have invested in our infrastructure and product set to ensure we continue to anticipate our customer needs and remain at the forefront of market trends.

The vertical markets in which we operate, namely healthcare, complex manufacturing, aviation and banking and finance, are characterised by a global customer profile, high consequences of controls failure and are governed by industry specific standards. As such, the demand from organisations operating in these industries for specialist software solutions to address these requirements and ensure adherence to exacting regulations is robust and growing, particularly as compliance becomes more "risk based". Furthermore, the highly fragmented market environment means that to date we have only realised a small proportion of the opportunity available to us, and we are therefore confident of further growth through increased market share and the expansion of our footprint within our existing customer base.

In line with our progressive dividend policy and reflecting the strength of the balance sheet, the Board is pleased to propose a final dividend of 0.11p making a total dividend of 0.165p for the year.

I would like to take this opportunity to thank all of our employees who work tirelessly to make Ideagen a success. We have an exciting pipeline of opportunities and I look forward to the future with continued confidence.

**Jonathan Wearing**  
Non-Executive Chairman



## Chief Executive's Review

### Business Review

I am pleased to report on another strong year for the Group ended 30 April 2015. As well as delivering further revenue and profit growth, the year was defined by our most significant and transformative acquisition to date, of Gael Limited, which completed in January of this year.

Revenue for the year was £14.4 million, an increase of 60% compared to the £9.0 million achieved in the previous year, with proforma organic growth contributing 5.3% (2014: 13%). Adjusted EBITDA increased by 43% to £4.0 million compared to the prior year's £2.8 million whilst adjusted earnings per share also rose by 26% to 2.11p, up from 1.67p.

The financial strength of the business is underpinned by high levels of recurring revenue, which represent 53% (2014: 56%) of core revenue (software licence, maintenance and support, and professional services) and cover 84% (2014: 86%) of the fixed overhead base. Software licence revenue represented 26.3% of total revenues at £3.78 million, Maintenance and Support 49.1% at £7.07 million, Professional Services 20.2% at £2.90 million and hardware 4.4% at £0.64 million.

In January 2015, the Group completed a successful placing raising £17.5 million to support the acquisition of Gael and associated transaction costs and to provide adequate working capital headroom.

Cash generated by operations amounted to £2.25 million (2014: £1.69 million) representing 56% (2014: 60%) of adjusted EBITDA. Cash generation during the year was impacted by two significant items which are not expected to recur: annual bonus payments to Gael employees relating to the year ended 31 December 2014 made post-acquisition, and the payments for unusually high hardware purchases towards the end of the financial year to 30 April 2014 in order to satisfy certain customer contracts. The effect of these two items adversely affected cash flow by approximately £0.8m. The group ended the year with cash balances of £5.3m (2014: £4.0m) and no debt.

The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the healthcare, complex manufacturing, banking and finance and aviation Sectors. The Group has in parallel leveraged its core technology and has acquired capability to build a UK business supplying content and clinical management solutions predominantly to the NHS. Each of the Group's chosen markets require robust information systems and exhibit a high consequence of error should data and processes be compromised.

The Group's top line growth in the year was driven by strong performance in the GRC markets, up 13% compared to 9% growth in the prior year. This was offset by a modest decline in the NHS market of 3% (2014: growth of 16%), the result of a funding uncertainty in the run up to the General Election. The Group is now experiencing renewed demand for its products from the NHS following the General Election results and the Conservative Government's ongoing strategy to deliver a paperless NHS, and the Board believes that this market will be a growth driver for the Group.

### Acquisitions

The acquisition of Gael, a Scottish based GRC specialist, was in line with our stated strategy of acquiring businesses with strong IP and recurring revenues and has strengthened Ideagen's existing markets, whilst also adding new product sets, vertical markets and client relationships. Integration of the two businesses has proceeded in line with expectations and, as a result, Ideagen is well placed to deliver upon two key parts of our strategy, namely: to be a dominant supplier in Governance, Risk and Compliance and; to be a Best of Breed supplier to the NHS.

The combined business is extremely well placed in a number of key sectors, including aerospace & defence, where we now count 7 out of the top 7 global companies as clients, finance where we have 7 out of the top 10 UK accounting firms as clients, and healthcare with over 125 NHS Acute Trusts using our solutions. The enlarged Group now has over 1500 customers which span across multiple geographies and size, including many blue chip names such as BAE Systems, Emirates, Ernst and Young and the European Central Bank. As a result, the acquisition has helped de-risk the Group's business model as our revenue base is now spread across a greater number of clients and markets with the Group now less reliant on large enterprise NHS contracts where purchasing behavior can be less predictable.



## Ideagen plc

### Strategic Report for the year ended 30 April 2015 (continued)

#### Chief Executive's Review (continued)

In the year, the Group also acquired EIBS Limited for a net cash consideration of £1.29 million. EIBS is a software company that has developed proprietary Information Portal, Internet and Mobile solutions for the NHS and numerous public sector, not for profit and commercial organisations. The integration of this business is now complete, resulting in enhanced capabilities for the product set, particularly to the Group's mobile offering and a further consolidated position in the NHS sector.

#### Management Structure and Sales Strategy

Following the acquisition and ongoing integration of Gael, the enlarged Group has been successfully re-organised under a single management team and fully integrated reporting structure. Ashley Marron, Chief Executive of Gael has been appointed as Group Chief Operating Officer to enable integration of the Group's product strategy, product development and professional services groups.

Additionally, the sales and marketing team has been successfully restructured into one organisation under Ben Dorks, focused into industry facing teams covering the Group's key markets. The Group has also appointed a Global Head of Channel and the Group is developing new routes to market particularly in the Asia Pacific market.

In addition to winning new customers, a key proponent of the Group's sales strategy is expanding its footprint within the existing customer base. This represents a key growth area, both through winning contracts from new divisions within existing customers and by up-selling additional elements of the solution set, including the newly acquired Gael and EIBS solutions. To date, the sales team has been successful in both migrating customers onto new products as they become available and cross selling new products and services into the customer base.

#### Product Development

Product development remains an important part of the Group's strategy and we currently have over 117 employees within this function. The Group is focused on ensuring all of our current products remain 'world class' in their specific markets and that we can continue to win and develop 'world class' customers. Furthermore, an important initiative is the development of the Group's Amazon Web Services (AWS) based, scalable SaaS Risk and Compliance platform, Enlighten, which ensures customers now have the choice in terms of delivery method (SaaS, Hosted or on premise). Enlighten has also enabled the Group to bid for significantly larger contracts which are predominantly recurring in nature.

#### Infrastructure

The Group operates from 3 primary locations: Nottingham, East Kilbride and Welwyn Garden City and has 3 satellite offices in Bristol, Sittingbourne and Matlock.

At year end the Group had 243 employees across the following functions: Sales and Marketing - 55, Customer Services and Support - 45, Research and Development - 117, Finance and Administration - 26. The Group will continue to recruit to support its ongoing growth plans.

#### Outlook

The new financial year has started strongly and we have seen continued progress across all of the Group's product and markets. Furthermore, in the wake of the General Election in May, purchasing patterns in the NHS appear to have returned to a more normal level following a period of uncertainty in the lead up to the Election. The Group has a strong pipeline of new business opportunities and continues to develop sales levels to existing customers which provides the board with confidence for the year.

#### David Hornsby

Chief Executive Officer

### Financial Review of the year

Revenue for the year ended 30 April 2015 increased by 60% to £14.4 million (2014: £9.0 million). Within this, underlying organic revenue growth was 5.3% based on a comparison of revenue in the year under review with pro-forma revenue for the comparative period adjusted for the Gael, EIBS, MSS and Pentana acquisitions and excluding revenue generated from the VA PRISM contract in the early part of 2013/14.

Recurring revenues represent 53% (2014: 56%) of core revenues and cover 84% (2014: 86%) of the fixed overhead base. The decrease is due to a slightly lower historical proportion of recurring revenues in the businesses acquired. Software licence revenue represented 26.3% (2014: 21.6%) of total revenues at £3.78 million (2014: £1.94 million), Maintenance and Support 49.1% (2014: 49.6%) at £7.07 million (2014: £4.45 million), Professional Services 20.2% (2014: 21.8%) at £2.90 million (2014: £1.95 million) and hardware 4.4% (2014: 7.0%) at £0.64 million (2014: £0.63 million).

Adjusted EBITDA increased by 43% to £4.02 million (2014: £2.81 million). The adjusted EBITDA margin reduced to 28% (2014: 31%) as expected following increased investment in products, customer service and the longer-term infrastructure of the business.

Amortisation of acquisition intangibles of £2.09 million (2014: £0.95 million) represents the majority of the total depreciation and amortisation charge of £2.50 million (2014: £1.22 million). The £188,000 increase in the fair value of contingent consideration related to settling the earn-out on the acquisition of Pentana in 2013.

The adjusted group tax charge was £0.59 million (2014: £0.41 million). This has been adjusted to exclude the deferred tax credits associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted group tax charge represents 16% (2014: 16%) of adjusted PBT of £3.61 million (2014: £2.55 million). A further taxation credit of £0.29 million relating to the tax deductions available on the exercise of share options has been taken in reserves. Accordingly, the group's corporation tax liability has been reduced to £0.04 million (2014: £0.28 million).

As a result of the above, adjusted diluted earnings per share increased by 26% to 2.11p (2014: 1.67p).

The Group's financial position has continued to strengthen. Net assets increasing to £31.2 million (2014: £13.4 million). Intangible assets increased to £35.1 million (2014: £11.8 million) following the acquisitions of Gael and EIBS during the year. Net current assets were £1.23 million (2014: £2.60 million).

Cash generated by operations amounted to £2.25 million (2014: £1.69 million) representing 56% (2014: 60%) of adjusted EBITDA. Cash generation during the year was impacted by two significant items which are not expected to recur: annual bonus payments to Gael employees relating to the year ended 31 December 2014 made post-acquisition, and the payments for unusually high hardware purchases towards the end of the financial year to 30 April 2014 in order to satisfy certain customer contracts. The effect of these two items adversely affected cash flow by approximately £0.8 million. The group ended the year with cash balances of £5.3 million (2014: £4.0 million) and no debt.

The Group completed a share placing in January 2015 raising £17.5 million before costs to support the acquisition of Gael and provide adequate headroom. The net cash outflows on acquisition of businesses during the year were £14.59 million on Gael and £1.29 million on EIBS. Deferred consideration of £3.2 million is payable in respect of the acquisition of Gael of which £1.6 million is payable in January 2016 and £1.6 million in January 2017.

### Dividend

The Board proposes a final dividend of 0.11 pence per share payable on 12 November 2015 to shareholders on the register on 30 October 2015 subject to approval at the forthcoming Annual General Meeting. The corresponding ex-dividend date is 29 October 2015.

### Graeme Spenceley

Chief Financial Officer

**Customer Case Studies**



## Brussels Airlines - Belgium's flagship carrier

Brussels Airlines – which operates 49 aircraft and has 3,500 employees – has been working with Ideagen to implement its Gael Insight suite of software solutions to transform safety and operational performance through efficient safety and risk management and in depth performance indicators.

Adriaan Charlet, the airline's Safety Services Manager, said: "Q-Pulse and the overall Gael Insight solution has provided us with much better efficiency in investigating safety issues. It has also provided safety related efficiencies as well as operational reporting benefits.

"The risk management and performance monitoring capabilities in particular have been extremely beneficial for us. Risk in particular was a very important part of the overall solution – not only because we can focus on the safety issues – but also enhance our operational risk assessments. For example, nowadays we are able to carry specific cargo that requires to be handled with care thanks to being able to risk assess it and feed the results back into the system.

Performance monitoring is the link between safety and efficiency. In the past we gathered information ourselves manually from a variety of different databases. However now, thanks to being able to monitor performance of the business through a series of KPIs, we are able to view all of that data in a blink of an eye in one central portal. We don't need to search or look for this ourselves, the system does this for us and tells us what areas require extra attention or are performing well."

Dirk Adriaenssens, who oversees Brussels Airlines' Safety & Compliance Monitoring Department, said: "We invested in an integrated software suite because we required one solution to manage all of our safety and compliance monitoring activities. The solution gives us full integration of all safety

issues for all departments and is also able to integrate with existing interfaces – such as our flight data monitoring system or our scheduling software – for a complete safety product.

"The largest benefit we've seen is that it can be used online and offline and provides us with higher efficiencies in that we now don't have to duplicate a lot of our tasks and data. This encourages the same working methods throughout the organisation in regards to capturing safety and operational issues and other forms of data."

Mr Adriaenssens continued: "We are now capturing safety issues more easily and working more proactively as we can detect hazards in advance even better. This has helped us not only improve safety even more here at Brussels Airlines, but has increased efficiency as everyone is using and becoming knowledgeable in one tool."

*"The risk management and performance monitoring capabilities in particular have been extremely beneficial for us. Risk in particular was a very important part of the overall solution"*

**Customer case studies (continued)**



## NHS - Birmingham Children's Hospital NHS Foundation Trust

Birmingham Children's Hospital provides the widest range of children's health services for young patients from Birmingham, the West Midlands and beyond with over 270,000 patient visits every year.

Prior to implementing Ideagen's PatientFirst software, Birmingham's Children's Hospital had been using more of a Patient Administration System (PAS) than a clinical patient management system, with the Emergency Department itself being run using a manual white (wipe) board.

Dr Benjamin Stanhope, one of six full-time consultants responsible for patient care within the Emergency Department, said: "This was quickly considered to be an inaccurate and inefficient way of working and had created some difficulties, particularly in the tracking of patients.

"There were also challenges in our ability to safely and accurately record patients' vital signs; with no facility to electronically record administration of nurse-dispensed Patient Group Directives (PGDs) for drugs given at triage. This led to the Trust exploring more effective options."

Dr Stanhope added: "PatientFirst was chosen due to the hospital's confidence that Ideagen could deliver a purpose built, customisable Emergency Department management tool. The key deliverable was in Ideagen working together with us to shape the project pre and post-implementation. We had confidence in the company and in our specific Ideagen team and our selection of PatientFirst was reaffirmed by strong testimonials from colleagues who were familiar with the system."

Once up and running, PatientFirst completely transformed the way in which the Emergency Department at Birmingham Children's Hospital NHS Foundation Trust operated, from

improved tracking of patients and speed of data access to achieving national targets.

Dr Stanhope continued: "We now have confidence in the tracking of our patients throughout the department as well as having quick and simple access to historical and medicinal records so we are always aware of a patient's situation. There have been fewer errors recorded, such as patients not being seen in order, which has also improved safety and overall operations. Overall productivity has been enhanced as we now have the ability to manage departmental workload much more efficiently. Our situation can be seen remotely by the Hospital Operation Centre (HOC), meaning Trust-wide activity and resource can be coordinated more efficiently. Our governance needs are being maintained and exceeded with improvements in accuracy of activity and metrics, allowing us to continually achieve the national Emergency Department targets. This is of particular financial benefit, with the functionality of the product improving quality coding against patient episodes thus reducing missed remuneration for under-coded activity."

*"PatientFirst was chosen due to the hospital's confidence that Ideagen could deliver a purpose built, customisable Emergency Department management tool.*

*"The key deliverable was in Ideagen working together with us to shape the project pre and post-implementation."*



**Customer Case Studies**



## Banco Bilbao Vizcaya Argentaria SA (BBVA) internal audit

BBVA is a multinational Spanish banking group, providing financial services in over 30 countries and to 50 million customers throughout the world. In addition to being the second largest bank in Spain, the company also has a strong international presence in Mexico, South America, United States, Asia and Turkey.

The initial need for an automated audit management tool was established at BBVA and to help the audit department choose the best solution for their needs they implemented a selection committee of six auditors from different audit units, in order to evaluate the three shortlisted software products.

The evaluation process was centred on solving certain critical issues to BBVA, which include communication, knowledge exchange, security and the standardising of core policies and procedures to provide much more accountability.

### **Solution**

Cristina Gonzalez Barreda, BBVA's Quality Assurance and Audit Tools Director for Internal Audit explained that:

"Pentana was selected as the chosen provider due to versatility, functionality and also because it was a strategic fit with the manner in which we conducted our audits.

BBVA found that one of the most significant benefits that our 650 users have experienced as a result of implementing Pentana is improved communication around risk management, which undeniably results in "better audits and better tests on our risk model."

Cristina cited the feature of Pentana that she finds most useful for her daily work is being able to build report views. This is where the user can set up all the columns and filters exactly as they would like, save it and easily retrieve

the "report" later. This feature uses capability called "data grids," which allows a user to build reports from within the application using very simple graphical tools that are built in to the system, thus allowing access to permitted information from anywhere within the system without needing a specialist report writing tool. Once done, these "views" can then be saved, shared and re-used across the enterprise. They also provide management with easy and immediate access to "snapshots" of what's happening in the universe

### **Conclusion**

Cristina summarises her views on the relationship with Ideagen and the experience of using Pentana:

*"I would definitely recommend Ideagen and its Pentana solution to my peers due to their commitment, their solution and their professionalism."*

# Ideagen plc

## Strategic Report for the year ended 30 April 2015 (continued)

### Key Performance Indicators

Key financial performance indicators used by management are as follows:

Performance indicator	2015	2014	Method of measurement
Revenue for the year (£m)	14.4	9.0	
Adjusted EBITDA (£m)	4.0	2.8	EBITDA adjusted for business acquisition costs, share-based payment charges and other exceptional items
Gross margin	86.9%	84.1%	Gross profit as a percentage of revenue
Adjusted EBITDA margin	27.9%	31.3%	Adjusted EBITDA as a percentage of revenue

### Principal risks and uncertainties

Risk management is an important part of the management process throughout the Group and a policy of continuous improvement is adopted in assessing the adequacy of the internal system of controls. The Group's operations expose it to a variety of risks including strategic, economic, operational and financial. The management of the group monitors the exposures to these risks in order to limit the adverse effects of these risks on the financial performance of the Group.

**Strategic.** The Group operates in a dynamic market and constantly seeks to ensure the solutions it offers are competitive.

**Economic.** A worsening of the economic climate may lead to reduced spend on IT systems and services by customers. However, the Group has products and solutions which can help customers lower their cost base in difficult trading conditions and to some extent address compliance issues which need to be covered even in an economic downturn.

**Operational.** The Group's most significant assets are the intellectual property developed by the Group, the intangible assets acquired with business acquisitions and the employees of the Group. Ongoing product review and investment into product development together with the Group's quality procedures seek to ensure that products are reliable, of high quality and relevant to market requirements.

**Financial.** Management actively review the cash flow position of the Group both in the short and medium term and maintain a level of cash and debt finance facilities designed to ensure that the Group has sufficient funds for its operations. The greater part of the Group's revenues and costs are denominated in sterling however the Group is exposed to foreign exchange risk, principally through profits and cash inflows generated in US dollars by the Group's US subsidiaries. The foreign exchange risk is partly addressed by maximising costs denominated in US dollars. Management closely monitors exchange rate fluctuations and will use forward contracts when considered to be appropriate to reduce this risk. The Group implements appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit which is regularly reassessed.

Approved by the Board and signed on its behalf by

.....  
**Graeme Spenceley**

Director & Company Secretary

5 October 2015

## Ideagen plc

### Directors' Report for the year ended 30 April 2015

The directors are pleased to present their report and the audited consolidated financial statements for the year ended 30 April 2015.

#### Results and dividends

A review of the results for the year and the financial position of the Group is included in the Strategic Report on pages 5 to 12 and details are set out in the financial statements on pages 18 to 62.

A final dividend for 2014 of 0.1 pence per share amounting to £123,000 and an interim dividend for 2015 of 0.055 pence per share amounting to £96,000 were paid during the year. The directors propose a final dividend in respect of the year of 0.11 pence per share payable on 12 November 2015 to shareholders on the register on 30 October 2015. This is subject to approval by shareholders at the forthcoming Annual General Meeting.

#### Directors

The directors who held office during the year were as follows:

- Jonathan P Wearing (Non-Executive Chairman)
- David R K Hornsby (Chief Executive Officer)
- Graeme P Spenceley (Finance Director)
- Les D Paul (Chief Technology Officer) (resigned 31 July 2014)
- Alan M Carroll (Non-Executive Director)

#### Directors' indemnity and insurance

The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities which may be incurred by them while carrying out their duties.

#### Events after the end of the reporting period

##### Issues of ordinary shares

In order to satisfy the exercise of share options, the company issued 470,000 shares at 8.5 pence each on 6 May 2015 and 18,000 shares at 20 pence on 7 August 2015.

##### Auditor

In accordance with the Companies Act 2006 a resolution proposing the reappointment of Baker Tilly UK Audit LLP as auditor will be put to the members at the forthcoming Annual General Meeting.

##### Going concern

The Group's business activities and the factors likely to affect its future development, performance and position together with a review of the financial position of the Group, its cash flows and liquidity position are set out in the Strategic Report on pages 5 to 12.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### Future developments

The strategic report on pages 5 to 12 refers to the Group's ongoing product development and sales growth initiatives. In addition, we will continue to seek to acquire businesses with strong intellectual property and recurring revenues operating within appropriate markets.



Ideagen plc

Directors' Report for the year ended 30 April 2015 (continued)

**Current Trading & Outlook**

The Group has significant contracted work in progress, a growing recurring revenue base and a strong pipeline of new business. The NHS has been, and remains, particularly strong for the Group and we are also encouraged with the increase in the new business pipeline within our commercial sector as industry regulations continue to drive demand for our software. The Board is therefore confident that the Group will continue to deliver profitable growth this year and beyond.

Approved by the Board and signed on its behalf by:

.....  
**Graeme Spenceley**

Director & Company Secretary

5 October 2015

## Statement of Directors' Responsibilities

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Ideagen plc website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Independent Auditor's Report to the Members of Ideagen plc (Registration number: 02805019)

We have audited the group and parent company financial statements ("the financial statements") which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

As more fully explained in the Statement of Directors' Responsibilities set out on page 15, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 30 April 2015 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 financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## Independent Auditor's Report to the Members of Ideagen plc (Registration number: 02805019)

### **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.

Neil Stephenson (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Suite A, 7th Floor, City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

5 October 2015

## Group Statement of Comprehensive Income for the Year Ended 30 April 2015

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	2	14,389	8,970
Cost of sales		(1,892)	(1,425)
<b>Gross profit</b>		<u>12,497</u>	<u>7,545</u>
Operating costs	3	(8,477)	(4,733)
<b>Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items</b>		<u>4,020</u>	<u>2,812</u>
Depreciation and amortisation	3	(2,503)	(1,220)
Costs of acquiring businesses	18	(450)	(246)
Share-based payment charges	21	(276)	(285)
<b>Profit from operating activities</b>		<u>791</u>	<u>1,061</u>
Movement in fair value of contingent consideration	15	(188)	-
Finance income	5	5	10
<b>Profit before taxation</b>		<u>608</u>	<u>1,071</u>
Taxation	3,7	(128)	(198)
<b>Profit for the year</b>		<u>480</u>	<u>873</u>
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(4)	(10)
<b>Total comprehensive income for the year attributable to the owners of the parent company</b>		<u><u>476</u></u>	<u><u>863</u></u>
<b>Earnings per share</b>			
		<b>Pence</b>	<b>Pence</b>
Basic	8	0.35	0.72
Diluted	8	0.34	0.68

The notes on pages 29 to 62 form an integral part of these financial statements.

Ideagen plc (Registration number: 02805019)  
 Group Statement of Financial Position at 30 April 2015

	<b>Notes</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	9	35,050	11,807
Property, plant and equipment	10	302	166
Deferred income tax assets	7	876	173
		<u>36,228</u>	<u>12,146</u>
<b>Current assets</b>			
Inventories	12	55	389
Trade and other receivables	13	7,332	3,637
Cash and cash equivalents		5,266	4,011
		<u>12,653</u>	<u>8,037</u>
<b>Current liabilities</b>			
Trade and other payables	14	3,476	2,421
Contingent consideration on business combinations	15	47	327
Current income tax liabilities	16	44	283
Deferred revenue		6,228	2,356
Deferred consideration on business combinations	17	1,628	50
		<u>11,423</u>	<u>5,437</u>
<b>Non-current liabilities</b>			
Deferred consideration on business combinations	17	1,613	-
Deferred income tax liabilities	7	4,656	1,377
		<u>6,269</u>	<u>1,377</u>
<b>Net assets</b>		<u><u>31,189</u></u>	<u><u>13,369</u></u>

The notes on pages 29 to 62 form an integral part of these financial statements.

Ideagen plc

Group Statement of financial position as at 30 April 2015 (continued)

	<b>Notes</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Equity</b>			
Issued share capital	19	1,773	1,219
Share premium	19	23,443	6,870
Merger reserve	19	1,167	1,167
Share-based payments reserve	21	653	596
Retained earnings		4,160	3,520
Foreign currency translation reserve		(7)	(3)
		<hr/>	<hr/>
<b>Equity attributable to owners of the parent</b>		<b>31,189</b>	<b>13,369</b>
		<hr/> <hr/>	<hr/> <hr/>

Approved and authorised for issue by the Board on 5 October 2015 and signed on its behalf by:

.....  
**David Hornsby** – Director

.....  
**Graeme Spenceley** – Director

The notes on pages 29 to 62 form an integral part of these financial statements.



Ideagen plc

Group statement of changes in equity for the year ended 30 April 2015

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2014</b>	<b>1,219</b>	<b>6,870</b>	<b>1,167</b>	<b>596</b>	<b>3,520</b>	<b>(3)</b>	<b>13,369</b>
Share placing (note 19)	515	16,985	-	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	-	(584)
Shares issued under share option scheme (note 19)	39	172	-	-	-	-	211
Profit for the year	-	-	-	-	480	-	480
Other comprehensive income for the year	-	-	-	-	-	(4)	(4)
Share-based payments (note 21)	-	-	-	142	-	-	142
Transfer on exercise of share options (note 21)	-	-	-	(85)	85	-	-
Taxation on share-based payments in equity	-	-	-	-	294	-	294
Equity dividends paid (note 20)	-	-	-	-	(219)	-	(219)
<b>Balance at 30 April 2015</b>	<b>1,773</b>	<b>23,443</b>	<b>1,167</b>	<b>653</b>	<b>4,160</b>	<b>(7)</b>	<b>31,189</b>

## Group statement of changes in equity for the year ended 30 April 2014

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2013</b>	<b>1,217</b>	<b>6,867</b>	<b>1,167</b>	<b>313</b>	<b>2,706</b>	<b>7</b>	<b>12,277</b>
Shares issued under share option scheme (note 19)	2	3	-	-	-	-	5
Profit for the year	-	-	-	-	873	-	873
Other comprehensive income for the year	-	-	-	-	-	(10)	(10)
Share-based payments (note 21)	-	-	-	285	-	-	285
Transfer on exercise of share options (note 21)	-	-	-	(2)	2	-	-
Equity dividends paid (note 20)	-	-	-	-	(61)	-	(61)
<b>Balance at 30 April 2014</b>	<b>1,219</b>	<b>6,870</b>	<b>1,167</b>	<b>596</b>	<b>3,520</b>	<b>(3)</b>	<b>13,369</b>

The notes on pages 29 to 62 form an integral part of these financial statements.

## Group Statement of Cash Flows for the year ended 30 April 2015

		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>			
Profit for the year		480	873
Depreciation of property, plant and equipment	10	156	110
Amortisation of intangible non-current assets	9	2,347	1,110
Loss on disposal of property, plant and equipment		-	2
Share-based payment charges	21	276	285
Finance income recognised in profit or loss	5	(5)	(10)
Taxation charge recognised in profit or loss	7	128	198
Business acquisition costs in profit or loss	18	450	246
Net foreign exchange (gain)/loss in profit or loss		(13)	10
Movement in fair value of contingent consideration	15	188	-
Decrease/(increase) in inventories		334	(389)
Increase in trade and other receivables		(1,487)	(1,154)
(Decrease)/increase in trade and other payables		(648)	392
Increase in deferred revenue liability		42	14
Cash generated by operations		<u>2,248</u>	<u>1,687</u>
Interest received		5	5
Income tax paid		(185)	(281)
Business acquisition costs paid		<u>(312)</u>	<u>(180)</u>
Net cash generated by operating activities		<u>1,756</u>	<u>1,231</u>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of businesses net of cash acquired	18	(15,879)	(2,844)
Payments of deferred consideration on business combinations		(50)	(106)
Payments of contingent consideration on business combinations	15	(468)	-
Payments for development costs	9	(941)	(525)
Payments for property, plant and equipment	10	(98)	(65)
Proceeds of disposal of property, plant and equipment		9	24
Net cash used in investing activities		<u>(17,427)</u>	<u>(3,516)</u>
<b>Cash flows from financing activities</b>			
Proceeds from placing of equity shares	19	17,500	-
Payments for share issue costs	19	(584)	-
Proceeds from issue of shares under the share option schemes		211	5
Equity dividends paid		<u>(219)</u>	<u>(61)</u>
Net cash generated/(used) by financing activities		<u>16,908</u>	<u>(56)</u>
Net increase/(decrease) in cash and cash equivalents during the year		1,237	(2,341)
Cash and cash equivalents at the beginning of the year	25	4,011	6,372
Effect of exchange rate changes on cash balances held in foreign currencies		18	(20)
<b>Cash and cash equivalents at the end of the year</b>	25	<u>5,266</u>	<u>4,011</u>

The notes on pages 29 to 62 form an integral part of these financial statements.

Ideagen plc (Registration number: 02805019)

Company Statement of financial position as at 30 April 2015

	<b>Notes</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	9	300	316
Property, plant and equipment	10	18	24
Investments in subsidiaries	11	25,498	9,994
Deferred income tax asset	7	236	137
		<u>26,052</u>	<u>10,471</u>
<b>Current assets</b>			
Trade and other receivables	13	5,728	1,408
Cash and cash equivalents		1,409	1,816
		<u>7,137</u>	<u>3,224</u>
<b>Current liabilities</b>			
Trade and other payables	14	796	1,210
Contingent consideration on business combinations	15	47	327
Deferred revenue		259	141
Deferred consideration on business combinations	17	1,628	50
		<u>2,730</u>	<u>1,728</u>
<b>Non-current liabilities</b>			
Deferred consideration on business combinations	17	1,613	-
		<u>1,613</u>	<u>-</u>
<b>Net assets</b>		<u>28,846</u>	<u>11,967</u>

The notes on pages 29 to 62 form an integral part of these financial statements.

Ideagen plc (Registration number: 02805019)

Company Statement of financial position as at 30 April 2015 (continued)

	<b>Notes</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Equity</b>			
Issued share capital	19	1,773	1,219
Share premium	19	23,443	6,870
Merger reserve	19	1,218	1,218
Share-based payments reserve	21	653	596
Retained earnings		1,759	2,064
		<hr/>	<hr/>
<b>Equity attributable to owners of the parent</b>		<b>28,846</b>	<b>11,967</b>
		<hr/> <hr/>	<hr/> <hr/>

Approved and authorised for issue by the Board on 5 October 2015 and signed on its behalf by:

.....  
**David Hornsby** – Director

.....  
**Graeme Spenceley** – Director

The notes on pages 29 to 62 form an integral part of these financial statements.

## IdeaGen plc

## Company statement of changes in equity for the year ended 30 April 2015

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2014</b>	1,219	6,870	1,218	596	2,064	11,967
Share placing (note 19)	515	16,985	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	(584)
Shares issued under share option scheme (note 19)	39	172	-	-	-	211
Share-based payments (note 21)	-	-	-	142	-	142
Transfer on exercise of share options (note 21)	-	-	-	(85)	85	-
Taxation on share-based payments in equity	-	-	-	-	294	294
Equity dividends paid (note 20)	-	-	-	-	(219)	(219)
Loss for the year	-	-	-	-	(465)	(465)
<b>Balance at 30 April 2015</b>	<u>1,773</u>	<u>23,443</u>	<u>1,218</u>	<u>653</u>	<u>1,759</u>	<u>28,846</u>

The notes on pages 29 to 62 form an integral part of these financial statements.

Ideagen plc

Company statement of changes in equity for the year ended 30 April 2014

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2013</b>	1,217	6,867	1,218	313	2,041	11,656
Shares issued under share option scheme (note 19)	2	3	-	-	-	5
Share-based payments (note 21)	-	-	-	285	-	285
Transfer on exercise of share options (note 21)	-	-	-	(2)	2	-
Equity dividends paid (note 20)	-	-	-	-	(61)	(61)
Profit for the year	-	-	-	-	82	82
<b>Balance at 30 April 2014</b>	<u>1,219</u>	<u>6,870</u>	<u>1,218</u>	<u>596</u>	<u>2,064</u>	<u>11,967</u>



## Company statement of cash flows for the year ended 30 April 2015

	<b>Notes</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(465)	82
Depreciation of property, plant and equipment	10	23	16
Amortisation of intangible non-current assets	9	93	83
Share-based payment charge		120	77
Finance income recognised in profit or loss		(2)	(8)
Taxation (credit)/charge recognised in profit or loss		(23)	49
Business acquisition costs in profit or loss		450	246
Movement in fair value of contingent consideration	15	188	-
Increase in trade and other receivables		(466)	(428)
Movement in intra-group balances		2,775	2,151
Increase in trade and other payables		80	14
Increase in deferred revenue		118	2
Cash generated by operations		<u>2,891</u>	<u>2,284</u>
Interest received		2	3
Business acquisition costs paid		(312)	(180)
Net cash generated by operating activities		<u>2,581</u>	<u>2,107</u>
<b>Cash flows from investing activities</b>			
Payments for investments in subsidiaries	18	(19,284)	(4,190)
Payment of deferred consideration on business combinations		(50)	(106)
Payment of contingent consideration on business combinations	15	(468)	-
Payments for development costs	9	(77)	(199)
Payments for property, plant and equipment	10	(17)	(4)
Net cash used in investing activities		<u>(19,896)</u>	<u>(4,499)</u>
<b>Cash flows from financing activities</b>			
Proceeds from placing of equity shares	19	17,500	-
Payments for share issue costs	19	(584)	-
Proceeds from issue of shares under the share option schemes		211	5
Equity dividends paid		(219)	(61)
Net cash generated/(used) by financing activities		<u>16,908</u>	<u>(56)</u>
Net decrease in cash and cash equivalents during the year		(407)	(2,448)
Cash and cash equivalents at the beginning of the year	25	1,816	4,264
<b>Cash and cash equivalents at the end of the year</b>	25	<u>1,409</u>	<u>1,816</u>

The notes on pages 29 to 62 form an integral part of these financial statements.

## 1 Accounting policies

### Reporting entity

Ideagen plc is a public limited company, incorporated and domiciled in England & Wales. The ordinary shares of the company are traded on the AIM market of the London Stock Exchange.

### Statement of compliance

These financial statements have been prepared in accordance with all International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and IFRIC interpretations applicable as at 30 April 2015 and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

### Basis of preparation

These financial statements have been prepared in sterling on an historical cost basis, unless otherwise stated, and have been rounded to the nearest thousand pounds.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes. The loss for the year dealt with in the financial statements of the Parent Company for the year ended 30 April 2015 was £465,000 (2014: profit of £82,000).

A summary of the significant accounting policies used in the preparation of these financial statements is set out below.

### Basis of consolidation

The group financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 April 2015. Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated. The financial statements of all subsidiaries are prepared up to the same date as the parent Company.

### Revenue recognition

Revenue is measured at the fair value of the consideration received from the sale of software licences and the rendering of services, net of value added tax and any discounts. Revenue is recognised as follows:

- (a) **Perpetual software licences**  
Revenue is recognised on delivery of the licence to the customer.
- (b) **Professional services and hardware sales**  
Revenue in respect of professional services such as consulting days, training and bespoke development are recognised as these services are delivered. Revenue in respect of sales of third party hardware are recognized on delivery.
- (c) **Annual support and maintenance**  
Revenue is recognised on a time-basis over the length of the support period. Annual support and maintenance is normally invoiced in advance and a deferred revenue liability is recognised in the statement of financial position to represent the element of the support and maintenance revenue deferred to be recognised as revenue in the future.

## 1 Accounting policies (continued)

### Foreign currencies

In preparing the financial information of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the date of those transactions. At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of the consolidated financial information, the assets and liabilities of foreign operations are translated into sterling using exchange rates prevailing at the end of each financial year. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve within equity.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are expensed in the Statement of Comprehensive Income on a straight line basis over the lease term.

### Exceptional items

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior years.

### Taxation

The tax charge or credit is based on the result for the year and comprises current and deferred income tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and includes any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the tax base of those assets and liabilities. Deferred income tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits in the future against which an asset can be utilised.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date. Deferred income tax assets and deferred income tax liabilities arising in different tax jurisdictions are not offset.

### Pensions and post retirement benefits

The group operates a defined contribution pension scheme for certain employees. Payments are made by the group to both this scheme and to individual private defined contribution pension arrangements for certain other employees. Contributions are charged in the Statement of Comprehensive Income as they become payable.

### Goodwill

Goodwill arising on business combinations is initially measured at cost being the excess of the fair value of the consideration paid over the group's interest in the net fair value of the identifiable assets and liabilities acquired. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit which contains the goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

## 1 Accounting policies (continued)

### Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses. Amortisation is applied once the asset is available for sale to write off the cost over the period which is expected to benefit from the sale of the asset.

The annual amortisation rates currently applied to the group's intangible assets are as follows:

Software	20% or 25%
Development costs	20% or 25%
Customer relationships	10%

Amortisation charges are included in 'Depreciation and amortisation' in the Consolidated Statement of Comprehensive Income.

### The Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost less any impairment in its separate financial statements. Impairment is determined by assessing the recoverable amount of the investment. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income

### Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated at the annual rates shown below, so as to write off the cost, less any estimated residual values, over the expected useful economic lives of the assets concerned.

- Office equipment at 25% or 33% on a straight line basis
- Motor vehicles at 25% on a reducing balance basis
- Leasehold improvements over the remaining lease term
- All other plant and equipment assets at 25% on a straight line basis.

The remaining useful lives and residual values of plant and equipment are reassessed by the directors each year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the carrying values are written down to the recoverable amount.

### Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets at least annually to determine whether there is 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).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 1 Accounting policies (continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories less all costs necessary to complete the sale.

### Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at amortised cost using the effective interest method less any impairment provision. An impairment provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the whole invoiced amount as a result of events occurring after the initial recognition of the asset.

### Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of 3 months or less. For the purpose of the statement of cash flows, cash and cash equivalents as defined above are stated net of any outstanding bank overdrafts.

### Financial liabilities and equity instruments

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as share capital and share premium, are recognised at the proceeds received net of direct issue costs.

### Contingent consideration

Contingent consideration is initially measured at fair value at the date of completion of the acquisition.

The accounting for changes in the fair value of contingent consideration arising on business combinations that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured to fair value at subsequent reporting dates and the corresponding gain or loss is recognised in the Statement of Comprehensive Income.

### Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value on the date they are granted. The fair value is determined using a Black-Scholes pricing model based on a range of inputs. The fair value of equity-settled transactions is charged to the Statement of Comprehensive Income over the period in which the service conditions are fulfilled with a corresponding credit to a share-based payments reserve in equity.

On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share-based payments reserve into retained earnings.

**1 Accounting policies (continued)****Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, revenues and expenses. However the nature of estimation means that actual outcomes could differ from those estimates.

In applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

**Acquisition intangibles**

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

**Deferred income tax assets**

Management judgement is required to determine the amount of deferred income tax assets that can be recognised, based on the likely timing and level of future taxable profits. Details of the deferred income tax assets recognised in respect of trading losses and share-based payments are given in Note 7.

**Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility and the expected life of the option. Further information is given in Note 21.

**Impairment of goodwill**

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future profitability and cash flows to support the carrying value of goodwill.

**Impairment of other assets**

The Group reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

**New accounting standards**

There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 30 April 2015 which had a significant impact on the Group. Of the new standards, amendments to standards and interpretations which have been published but are not yet effective, only IFRS 15 "Revenue from contracts with customers" is considered to be relevant to the Group. The directors are currently reviewing this new standard and the effects, if any, of applying this standard to the financial statements of the Group have not yet been evaluated. IFRS 15 was issued in 2014 but has not yet been endorsed by the EU. It will be effective for the Group's accounting period commencing on 1 May 2018.

**2 Revenue**

The directors consider that the Group has a single business segment, being the sale of information management software to highly regulated industries. The operations of the Group are managed centrally with group-wide functions covering sales and marketing, development, professional services, customer support and finance and administration. An analysis of revenue by product or service is given below.

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Software licence sales	3,778	1,939
Maintenance and support	7,070	4,445
Professional services	2,905	1,954
Hardware and third party sales	636	632
	<u>14,389</u>	<u>8,970</u>

**2 Revenue (continued)**

An analysis of external revenue by location of customers and non-current assets by location of assets is given below:

	External revenue by location of customers		Non-current assets by location of assets*	
	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
United Kingdom	9,435	6,960	32,081	8,504
United States of America	1,628	1,002	2	4
Europe	1,437	813	-	-
Middle East	858	-	-	-
Rest of the World	1,031	195	-	-
Unallocated	-	-	3,269	3,465
	<u>14,389</u>	<u>8,970</u>	<u>35,352</u>	<u>11,973</u>

\*Non-current assets exclude deferred tax assets.

No single customer accounted for more than 10% of total revenue in either year.

**3 Operating costs**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Wages and salaries	6,044	3,125
Operating lease charges – land & buildings	194	160
Loss on disposal of property, plant and equipment	-	2
Other operating costs	<u>2,239</u>	<u>1,446</u>
	<u>8,477</u>	<u>4,733</u>
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	2,090	948
Amortisation of other intangible assets	<u>257</u>	<u>162</u>
Total amortisation of intangible assets	2,347	1,110
Depreciation of property, plant and equipment	<u>156</u>	<u>110</u>
Total depreciation and amortisation	<u>2,503</u>	<u>1,220</u>
Auditor's remuneration		
- The audit of the company's annual accounts	12	10
- The audit of the company's subsidiaries' annual accounts	67	39
- Tax compliance and advisory services	25	15
- Other services – due diligence	-	14

**4 Particulars of employees**

The average number of staff employed by the group during the year, analysed by category, was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Administrative staff	19	11
Sales and marketing	34	17
Technical and support	110	44
	<u>163</u>	<u>72</u>

The aggregate payroll costs of these employees were as follows:

	<b>2015</b>	<b>2014</b>
	£'000	£'000
Wages and salaries	6,200	3,253
Social security costs	690	365
Other pension costs	95	32
Less: internal development costs capitalised	(941)	(525)
	<u>6,044</u>	<u>3,125</u>

Share based payment costs (note 21)  
on options granted  
tax on options exercised

142	285
<u>134</u>	<u>-</u>
<u>6,320</u>	<u>3,410</u>

**5 Finance income**

	<b>2015</b>	<b>2014</b>
	£'000	£'000
Bank interest receivable	<u>5</u>	<u>10</u>

**6 Directors' remuneration and share options**

The total remuneration of the directors (including fees) for the year was as follows:

	<b>2015</b>	<b>2014</b>
	£'000	£'000
Directors' remuneration	466	358
Directors' pension contributions	-	-
	<u>466</u>	<u>358</u>

The remuneration of each of the directors of the company during the year ended 30 April 2015 was as follows:

	Salary or fees £	Bonuses £	Total £
David Hornsby	150,000	130,000	280,000
Graeme Spenceley	96,000	50,000	146,000
Jonathan Wearing	10,000	-	10,000
Alan Carroll	18,327	-	18,327
Les Paul (resigned 31 July 2014)	12,000	-	12,000
	<u>286,327</u>	<u>180,000</u>	<u>466,327</u>

The bonuses for David Hornsby and Graeme Spenceley were in respect of the successful completion of the acquisition and integration of Gael Ltd and EIBS Ltd during the year and on achieving certain business related targets.



## Notes to the Consolidated Financial Statements for the year ended 30 April 2015

**6 Directors' remuneration and share options (continued)**

The remuneration of each of the directors of the company during the year ended 30 April 2014 was as follows:

	<b>Salary or fees</b>	<b>Bonuses</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
David Hornsby	117,500	40,000	157,500
Graeme Spenceley	80,000	20,000	100,000
Les Paul	74,667	-	74,667
Jonathan Wearing	10,000	-	10,000
Alan Carroll	15,996	-	15,996
	<u>298,163</u>	<u>60,000</u>	<u>358,163</u>

The bonuses for David Hornsby and Graeme Spenceley were in respect of the successful completion of the acquisition and integration of Pentana Ltd and MSS Management Systems Services Ltd during the year and on achieving certain business related targets.

The remuneration of the highest paid director during the year ended 30 April 2015 was £280,000 (2014: £157,500). None of the directors received or accrued any benefits under company pension schemes or received any benefits in kind.

During the year ended 30 April 2015, David Hornsby exercised 2,800,000 options over the shares of the Company at 2.5 pence when the share price of the Company was 35 pence and Graeme Spenceley exercised 200,000 options over the shares of the Company at 7 pence when the share price of the Company was 35 pence. Following his resignation as a director, Les Paul exercised 333,333 options over the shares of the Company at 22.38 pence when the share price of the Company was 32.38 pence. Mr Paul's remaining 666,667 options lapsed on leaving employment with the Company.

The following options over shares in the Company granted to the directors remain outstanding at 30 April 2015:

<b>Director</b>	<b>Number of outstanding options at 30 April 2015</b>	<b>Exercise price (pence)</b>	<b>Number of options exercisable at 30 April 2015</b>	<b>Date granted</b>	<b>Date exercisable by</b>
David Hornsby	1,333,333	9.0	1,333,333	20 October 2011	19 October 2021
David Hornsby	500,000	22.38	333,333	30 January 2013	29 January 2023
Graeme Spenceley	800,000	9.0	800,000	20 October 2011	19 October 2021
Graeme Spenceley	1,000,000	22.38	666,666	30 January 2013	29 January 2023

In addition to the options outstanding as at 30 April 2015 noted above, 1,000,000 options over the shares of the Company with an exercise price of 1 penny each were granted to Graeme Spenceley on 22 July 2015 under the Company's Long Term Incentive Plan. These options are exercisable from 23 July 2016 subject to the following vesting criteria: one half may be exercised on the Company's share price reaching 51 pence for 20 consecutive business days and the other half on the share price reaching 68 pence for 20 consecutive business days. These options are exercisable by 22 July 2018.

No other share options were granted to the directors during the years ended 30 April 2015 or 30 April 2014. Further information on share options is included at note 21 to the financial statements.

The contracts of employment of the executive directors include notice periods of 6 months.

## Notes to the Consolidated Financial Statements for the year ended 30 April 2015

**7 Taxation**

The taxation expense recognised in the Statement of Comprehensive Income can be analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current income tax</b>		
UK corporation tax on profit for the current year	201	403
Overseas income tax charge	51	20
Adjustments in respect of prior years	<u>(92)</u>	<u>(92)</u>
	160	331
<b>Deferred income tax</b>		
Deferred income tax (credit) for the current year	(32)	(133)
	<u>128</u>	<u>198</u>

The taxation expense for the year is higher than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are reconciled below:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<u>608</u>	<u>1,071</u>
Tax on profit at standard rate of 21% (2014: 23%)	128	246
Expenses not deductible for tax purposes	114	102
Depreciation in excess of capital allowances	8	4
Movement in fair value of contingent consideration not taxable	39	-
Charge to income statement from movement in deferred tax asset	236	69
Enhanced R&D tax relief	(47)	-
Effect of using future deferred tax rate of 20%	7	8
Effect on deferred tax from change in current tax rate		(4)
Different tax rates in overseas jurisdictions	5	(27)
Utilisation of brought forward trading losses	(220)	(108)
Tax deduction in income statement on exercise of share options	(50)	-
Adjustments recognised in current year tax in respect of prior years	<u>(92)</u>	<u>(92)</u>
Tax expense recognised for the current year	<u>128</u>	<u>198</u>

A further taxation credit of £294,000 in respect of share-based payment charges was reflected directly in equity reserves during the year ended 30 April 2015.

The movements in recognised deferred income tax assets during the year were as follows:

<b>Deferred income tax assets: Group</b>	<b>Trading losses</b>	<b>Share-based payments</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 May 2013	206	-	206
Recognised in profit or loss	<u>(69)</u>	<u>36</u>	<u>(33)</u>
At 30 April 2014	137	36	173
On acquisition of businesses	846	-	846
Recognised in profit or loss	<u>(293)</u>	<u>57</u>	<u>(236)</u>
Recognised in equity	-	93	93
At 30 April 2015	<u>690</u>	<u>186</u>	<u>876</u>

**7 Taxation (continued)**

<b>Deferred income tax assets: Group</b>	<b>Trading losses</b>	<b>Share-based payments</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 May 2013	186	-	186
Recognised in profit or loss	(49)	-	(49)
	<hr/>	<hr/>	<hr/>
At 30 April 2014	137	-	137
Recognised in profit or loss	(36)	42	6
Recognised in equity	-	93	93
	<hr/>	<hr/>	<hr/>
At 30 April 2015	101	135	236

The deferred income tax assets on trading losses and share-based payments have only been recognised to the extent that it is considered probable that they can be recovered against future taxable profits based on profit forecasts for the foreseeable future.

In addition to the recognised deferred income tax assets set out above, there are also unrecognised deferred income tax assets in both the Group and the Company at 30 April 2015 of £207,000 (2014: £110,000) in respect of trading losses and £nil (2014: £396,000) in respect of share-based payments.

The movements in deferred income tax liabilities during the year were as follows:

<b>Group</b>	<b>Deferred tax liability: Intangibles</b>	<b>Deferred tax liability: Other temporary differences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 May 2013	(762)	(34)	(796)
Recognised in profit or loss	133	33	166
Foreign exchange differences	-	1	1
Recognised on business combinations	(748)	-	(748)
	<hr/>	<hr/>	<hr/>
At 30 April 2014	(1,377)	-	(1,377)
Recognised in profit or loss	268	-	268
Recognised on business combinations	(3,547)	-	(3,547)
	<hr/>	<hr/>	<hr/>
At 30 April 2015	(4,656)	-	(4,656)

**Factors that may affect future tax charges**

Legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 has been enacted and hence the deferred tax balances in these accounts have been calculated at a rate of 20%.

**8 Earnings per share**

Basic earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year as adjusted for the effect of all dilutive potential ordinary shares.

**8 Earnings per share (continued)**

The following tables set out the computations for basic and diluted earnings per share:

<b>Year ended 30 April 2015</b>	<b>Earnings</b>	<b>Weighted average number of shares</b>	<b>Per-share amount</b>
	<b>£'000</b>	<b>shares</b>	<b>pence</b>
<b>Basic EPS</b>			
Profit for the year attributable to equity holders of the parent	480	138,783,359	0.35
Effect of dilutive securities: share options	-	4,285,025	
<b>Diluted EPS</b>			
Profit for the year attributable to equity holders of the parent	480	143,068,384	0.34
<b>Year ended 30 April 2014</b>	<b>Earnings</b>	<b>Weighted average number of shares</b>	<b>Per-share amount</b>
	<b>£'000</b>	<b>shares</b>	<b>pence</b>
<b>Basic EPS</b>			
Profit for the year attributable to equity holders of the parent	873	121,823,670	0.72
Effect of dilutive securities: share options	-	6,445,784	
<b>Diluted EPS</b>			
Profit for the year attributable to equity holders of the parent	873	128,269,454	0.68

In order to better demonstrate the performance of the Group, an adjusted earnings per share calculation has been presented below which adds back or deducts items typically adjusted for by users of financial statements. The calculations of the adjusted basic and diluted earnings per share amounts are based on the following information:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year attributable to equity holders of the parent	480	873
Adjustments:		
Costs of acquiring businesses	450	246
Share-based payment charges	276	285
Deferred taxation on share-based payment charges	(57)	(36)
Amortisation of acquisition-related intangibles (Note 3)	2,090	948
Deferred taxation on amortisation of acquisition-related intangibles	(409)	(179)
Movement in fair value of contingent consideration	188	-
Adjusted earnings	3,018	2,137
Weighted average number of shares: Basic adjusted EPS calculation	138,783,359	121,823,670
Effect of dilutive securities: share options	4,285,025	6,445,784
Weighted average number of shares: Diluted adjusted EPS calculation	143,068,384	128,269,454
<b>Adjusted earnings per share:</b>	<b>2015</b>	<b>2014</b>
	<b>pence</b>	<b>pence</b>
Basic	2.17	1.75
Diluted	2.11	1.67

**9 Intangible assets**

<b>Group</b>	<b>Goodwill</b>	<b>Software</b>	<b>Customer relationships</b>	<b>Development costs</b>	<b>Customer contract</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 May 2013	3,419	2,142	2,398	626	2,823	11,408
Acquisition through business combinations	939	1,833	1,904	-	-	4,676
Additions from internal development	-	-	-	525	-	525
Disposals	-	-	-	-	(2,823)	(2,823)
At 30 April 2014	<u>4,358</u>	<u>3,975</u>	<u>4,302</u>	<u>1,151</u>	<u>-</u>	<u>13,786</u>
Acquisition through business combinations	6,915	7,787	9,947	-	-	24,649
Additions from internal development	-	-	-	941	-	941
At 30 April 2015	<u>11,273</u>	<u>11,762</u>	<u>14,249</u>	<u>2,092</u>	<u>-</u>	<u>39,376</u>
<b>Amortisation</b>						
At 1 May 2013	-	479	317	73	2,823	3,692
Amortisation expense	-	641	338	131	-	1,110
Disposals	-	-	-	-	(2,823)	(2,823)
At 30 April 2014	<u>-</u>	<u>1,120</u>	<u>655</u>	<u>204</u>	<u>-</u>	<u>1,979</u>
Amortisation expense	-	1,322	784	241	-	2,347
At 30 April 2015	<u>-</u>	<u>2,442</u>	<u>1,439</u>	<u>445</u>	<u>-</u>	<u>4,326</u>
<b>Net carrying amount</b>						
At 30 April 2015	<u>11,273</u>	<u>9,320</u>	<u>12,810</u>	<u>1,647</u>	<u>-</u>	<u>35,050</u>
At 30 April 2014	<u>4,358</u>	<u>2,855</u>	<u>3,647</u>	<u>947</u>	<u>-</u>	<u>11,807</u>

**Goodwill**

The carrying amount of goodwill has been allocated to the following Cash Generating Units ("CGUs"):

	<b>£'000</b>
Gael / Ideagen Software / Pentana CGU	10,023
Plumtree / MSS / EIBS CGU	1,250
	<u>11,273</u>

**9 Intangible assets (continued)**

These goodwill amounts were tested for impairment at 30 April 2015 by comparing the carrying value of the cash-generating unit with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

- (i) The operating cash flows for these businesses for the year to 30 April 2016 are taken from the budget approved by the Board which is closely linked with recent historical performance and current sales opportunities. The operating cash flow budget is most sensitive to the level of new business sales;
- (ii) No growth has been assumed in operating cash flows for the remainder of the value in use calculation period;
- (iii) A pre-tax discount rate of 11% has been used;
- (iv) The use of cash flow projections over longer than a 5 year period is considered appropriate as the businesses of all of the CGUs have been operating for over 20 years, have strong and growing recurring revenue bases and the Group continues to invest in the development of the products in each CGU.

Gael / Ideagen Software / Pentana CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business further, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	<u>Projection period in value in use calculations</u>		
	In perpetuity	15 years	10 years
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	11,004	5,913	934
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	32%	21%	4%

Plumtree / MSS / EIBS CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business further, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	<u>Projection period in value in use calculations</u>		
	In perpetuity	15 years	10 years
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	2,868	2,087	1,020
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	40%	35%	21%

**9 Intangible assets (continued)****Development costs**

Development costs are internally generated. At 30 April 2015, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £707,000 (2014: £313,000). At 30 April 2015, the carrying amount of completed development projects on which amortisation is being charged was £939,000 (2014: £634,000). The weighted average remaining amortisation period of these assets at 30 April 2015 is 3.5 years (2014: 3.8 years).

The remaining amortisation periods and carrying amounts of the Group's other intangible assets are as follows:

	<b>2015 Remaining amortisation period (years)</b>	<b>2014 Remaining amortisation period (years)</b>	<b>2015 Carrying amount £'000</b>	<b>2014 Carrying amount £'000</b>
<b>Ideagen Capture</b>				
Customer relationships	5.2	6.2	250	299
Software	-	1.0	-	4
<b>Ideagen Software</b>				
Customer relationships	5.9	6.9	249	291
Software	0.9	1.9	25	53
<b>Proquis</b>				
Customer relationships	6.7	7.7	274	315
Software	1.6	2.6	185	301
<b>Plumtree</b>				
Customer relationships	7.6	8.6	828	937
Software	2.6	3.6	610	858
<b>Ideagen plc</b>				
Software	-	0.5	-	15
<b>Pentana</b>				
Customer relationships	8.5	9.5	1,331	1,486
Software	3.5	4.5	896	1,148
<b>MSS</b>				
Customer relationships	8.2	9.2	285	320
Software	3.2	4.2	363	478
<b>EIBS</b>				
Customer relationships	9.2	-	919	-
Software	4.2	-	593	-
<b>Gael</b>				
Customer relationships	9.7	-	8,675	-
Software	4.7	-	6,649	-

**9 Intangible assets (continued)****Company**

The intangible assets of the Company are as follows:

	<b>Software</b>	<b>Development costs</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 May 2013	121	213	334
Additions from internal development	<u>-</u>	<u>199</u>	<u>199</u>
At 30 April 2014	121	412	533
Additions from internal development	<u>-</u>	<u>77</u>	<u>77</u>
At 30 April 2015	<u>121</u>	<u>489</u>	<u>610</u>
<b>Amortisation</b>			
At 1 May 2013	76	58	134
Amortisation expense	<u>30</u>	<u>53</u>	<u>83</u>
At 30 April 2014	106	111	217
Amortisation expense	<u>15</u>	<u>78</u>	<u>93</u>
At 30 April 2015	<u>121</u>	<u>189</u>	<u>310</u>
<b>Net carrying amount</b>			
At 30 April 2015	<u>-</u>	<u>300</u>	<u>300</u>
At 30 April 2014	<u>15</u>	<u>301</u>	<u>316</u>



**10 Property, plant and equipment****Group**

	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Leasehold improvements</b>	<b>Loan equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 May 2013	62	248	-	26	72	408
Additions	1	46	-	10	8	65
Acquisition through business combinations	2	33	-	4	-	39
Disposals	-	-	-	-	(41)	(41)
Foreign currency exchange differences	-	(1)	-	(1)	-	(2)
At 30 April 2014	<u>65</u>	<u>326</u>	<u>-</u>	<u>39</u>	<u>39</u>	<u>469</u>
Additions	2	92	-	-	4	98
Acquisition through business combinations	7	96	95	5	-	203
Disposals	-	-	(9)	-	-	(9)
Foreign currency exchange differences	-	-	-	1	-	1
At 30 April 2015	<u>74</u>	<u>514</u>	<u>86</u>	<u>45</u>	<u>43</u>	<u>762</u>
<b>Depreciation</b>						
At 1 May 2013	32	166	-	4	7	209
Depreciation expense	15	57	-	14	24	110
Disposals	-	-	-	-	(15)	(15)
Foreign currency exchange differences	-	(1)	-	-	-	(1)
At 30 April 2014	<u>47</u>	<u>222</u>	<u>-</u>	<u>18</u>	<u>16</u>	<u>303</u>
Depreciation expense	18	97	6	21	14	156
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2015	<u>65</u>	<u>320</u>	<u>6</u>	<u>39</u>	<u>30</u>	<u>460</u>
<b>Net carrying amount</b>						
At 30 April 2015	<u>9</u>	<u>194</u>	<u>80</u>	<u>6</u>	<u>13</u>	<u>302</u>
At 30 April 2014	<u>18</u>	<u>104</u>	<u>-</u>	<u>21</u>	<u>23</u>	<u>166</u>

**10 Property, plant and equipment (continued)****Company**

	<b>Fixtures and Fittings £'000</b>	<b>Office Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 May 2013	23	151	174
Additions	-	4	4
At 30 April 2014	23	155	178
Additions	-	17	17
At 30 April 2015	23	172	195
<b>Accumulated depreciation</b>			
At 1 May 2013	19	119	138
Depreciation expense	2	14	16
At 30 April 2014	21	133	154
Depreciation expense	2	21	23
At 30 April 2015	23	154	177
<b>Net carrying amount</b>			
As at 30 April 2015	-	18	18
As at 30 April 2014	2	22	24

**11 Fixed asset investments****Company**

<b>Cost</b>	<b>Shares in subsidiaries £'000</b>
As at 1 May 2013	8,183
Additions in the year	4,566
Transfers of shares to other group companies	(1,595)
Capital contributions to subsidiary companies	208
As at 30 April 2014	<u>11,362</u>
Additions in the year	22,525
Transfers of shares to other group companies	(8,545)
Capital contributions to subsidiary companies	156
As at 30 April 2015	<u>25,498</u>
<b>Impairments</b>	
As at 1 May 2013 and 1 May 2014	1,368
Transfer of shares to other group companies	(1,368)
As at 30 April 2015	<u>-</u>
<b>Net carrying amount</b>	
As at 30 April 2015	<u>25,498</u>
As at 30 April 2014	<u>9,994</u>

At 30 April 2015 the Company held 20% or more of the nominal value of any class of share capital of the companies set out below. All of these companies are incorporated in England & Wales with the exception of Ideagen Gael Limited and Gael Products Limited which are incorporated in Scotland and Ideagen Inc. which is incorporated in the United States of America.

**11 Fixed asset investments (continued)**

<b>Name of subsidiary</b>	<b>Nature of business</b>	<b>Class of shares</b>	<b>% held</b>
Ideagen Gael Limited (formerly Gael Limited)	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary	100
Ideagen Content Limited (formerly Plumtree Group Limited)	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary	100
Ideagen Inc. (formerly Pentana Inc.)	Sale of software licences, software maintenance and related professional services	Ordinary	100
Ideagen Software Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary	100
Pentana Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary	100
EIBS Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary	100
MSS Management Systems Services Limited	Dormant	Ordinary	100
Ideagen Capture Limited	Dormant	Ordinary	100
Proquis Limited	Dormant	Ordinary	100
Filebutton Limited	Dormant	'A' Ordinary and 'B' Ordinary	100
Root3 Systems Limited	Dormant	Ordinary	100
Ideagen Systems Limited	Dormant	Ordinary	100
Gael Products Limited	Dormant	Ordinary	100

**12 Inventories**

<b>Group</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Goods for resale	55	389

**13 Trade and other receivables**

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	6,481	3,400
Prepayments and accrued income	772	221
Other receivables	79	16
	<u>7,332</u>	<u>3,637</u>
<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,179	698
Prepayments and accrued income	203	14
Amounts receivable from subsidiaries	4,316	680
Other receivables	30	16
	<u>5,728</u>	<u>1,408</u>

All trade and other receivables have been reviewed for impairment. Unless specific agreement has been reached with individual customers, sales invoices are due for payment either 30 or 60 days after the date of the invoice. Where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no allowance for doubtful debts has been recognised because these amounts are still considered to be recoverable. The group does not hold any collateral or other credit enhancements over its trade receivable balances.

An analysis of trade receivables that are not yet overdue or past the due date but not impaired is set out below.

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Not yet overdue	2,939	2,098
1 – 30 days overdue	1,582	829
30 – 60 days overdue	504	128
60+ days overdue	1,672	396
	<u>6,697</u>	<u>3,451</u>
Allowance for doubtful debts (all against debts 60+ days overdue)	(216)	(51)
	<u>6,481</u>	<u>3,400</u>
<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Not yet overdue	517	639
1 – 30 days overdue	232	4
30 – 60 days overdue	-	10
60+ days overdue	450	83
	<u>1,199</u>	<u>736</u>
Allowance for doubtful debts (all against debts 60+ days overdue)	(20)	(38)
	<u>1,179</u>	<u>698</u>

**13 Trade and other receivables (continued)**

Trade receivables are shown net of an allowance for doubtful debts, movements on which are set out below.

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Balance at the start of the year	51	20
On acquisition of businesses	124	13
Impairment losses recognised	92	20
Amounts written off as uncollectable	(51)	(2)
Balance at the end of the year	<u>216</u>	<u>51</u>
<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Balance at the start of the year	38	18
Impairment losses recognised	20	20
Amounts written off as uncollectable	(38)	-
Balance at the end of the year	<u>20</u>	<u>38</u>

**14 Trade and other payables**

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	942	1,384
Other taxes and social security payables	1,494	479
Accruals	848	558
Other payables	192	-
	<u>3,476</u>	<u>2,421</u>
<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	126	145
Other taxes and social security payables	148	94
Amounts payable to subsidiaries	6	772
Accruals	325	199
Other payables	191	-
	<u>796</u>	<u>1,210</u>

**15 Contingent consideration on business combinations****Group and Company**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Contingent consideration on the acquisition of MSS Management Systems Services Limited	47	47
Contingent consideration on the acquisition of Pentana Limited	-	280
	<u>47</u>	<u>327</u>

Part of the consideration for the acquisition of MSS Management Systems Services Limited in July 2013 was contingent on the achievement of certain revenue targets in the period following acquisition to 30 April 2014. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £47,000 although this has not yet been finally agreed with the vendor. The contingent consideration payable is estimated to be between £40,000 and £60,000.

Movement in the fair value of contingent consideration in the year ended 30 April 2015

Part of the consideration for the acquisition of Pentana Limited in November 2013 was contingent on the achievement of certain revenue targets in the 12 month period following the completion of the acquisition. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £280,000. The contingent consideration payable was agreed during the year ended 30 April 2015 at a total of £468,000 resulting in a loss of £188,000 which was included as a movement in the fair value of contingent consideration in the Statement of Comprehensive Income for the year ended 30 April 2015.

**16 Current income tax liabilities****Group**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Current income tax liabilities	44	283
	<u>44</u>	<u>283</u>

**17 Deferred consideration on business combinations****Group and Company**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current liabilities</b>		
Deferred consideration on the acquisition of Gael Limited	1,613	-
Deferred consideration on the acquisition of EIBS Limited	15	-
Deferred consideration on the acquisition of MSS Management Systems Services Limited	-	50
	<u>1,628</u>	<u>50</u>
<b>Non-current liabilities</b>		
Deferred consideration on the acquisition of Gael Limited	1,613	-
	<u>1,613</u>	<u>-</u>

The deferred consideration payable in respect of the acquisition of Gael Limited of £3,226,000 is not subject to any performance criteria and is payable in two equal amounts of £1,613,000 in January 2016 and January 2017. The deferred consideration in respect of the acquisition of MSS Management Systems Services Limited of £50,000 was paid in July 2014.

**18 Business combinations***Acquisition of Gael Limited*

On 13 January 2015, the company acquired 100% of all classes of the issued ordinary share capital of Gael Limited, a company incorporated and domiciled in Scotland, for £20.9million. The acquisition is expected to enhance the Group's existing business through increased scale, marketing strength and management expertise together with a strong entry point into the transport sector and a significant recurring revenue stream.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	<b>£'000</b>
<b>Non-current assets</b>	
Customer relationships intangible	8,943
Software intangible	7,073
Property, plant and equipment	176
Deferred income tax asset	755
<b>Current assets</b>	
Trade and other receivables	1,914
Cash and cash equivalents	3,109
<b>Current liabilities</b>	
Trade and other payables	(1,245)
Deferred revenue	(3,143)
<b>Non-current liabilities</b>	
Deferred income taxation	(3,203)
Net identifiable assets acquired	<u>14,379</u>

The directors expect that all of the above receivables will be collected.



**18 Business combinations (continued)**

The fair value of the consideration at the date of acquisition is as follows: **£'000**

Cash paid at completion	17,699
Deferred consideration payable in cash in January 2016 (note 17)	1,613
Deferred consideration payable in cash in January 2017 (note 17)	1,613

Total consideration	20,925
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Goodwill arising on the acquisition is as follows: **£'000**

Fair value of consideration at date of acquisition	20,925
Less: fair value of net identifiable assets acquired	(14,379)

Goodwill arising on acquisition	6,546
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Goodwill arose on the acquisition of Gael Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £406,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2015. The Group Statement of Comprehensive Income for the year ended 30 April 2015 includes revenue of £3,510,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £1,014,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Gael Limited had been completed on 1 May 2014 is impracticable as the accounting reference date of this company was previously 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Gael Limited: **£'000**

Consideration paid in cash	17,699
Less: cash acquired in subsidiary	(3,109)

Net cash outflow on acquisition of subsidiary	14,590
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***Acquisition of EIBS Limited***

On 24 June 2014, the company acquired 100% of the issued ordinary share capital of EIBS Limited, a company incorporated and domiciled in England, for £1.6million. The acquisition is expected to enhance the Group's existing business through the addition of portal, internet and mobile intellectual property and increases the group's customer base in the NHS and in a number of regulated market sectors.

**18 Business combinations (continued)**

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	<b>£'000</b>
<b>Non-current assets</b>	
Customer relationships intangible	1,004
Software intangible	714
Property, plant and equipment	26
Deferred income tax asset	91
<b>Current assets</b>	
Trade and other receivables	288
Cash and cash equivalents	296
<b>Current liabilities</b>	
Trade and other payables	(183)
Deferred revenue	(661)
<b>Non-current liabilities</b>	
Deferred income taxation	(344)
Net identifiable assets acquired	<u>1,231</u>

The directors expect that all of the above receivables will be collected.

The fair value of the consideration at the date of acquisition is as follows:

	<b>£'000</b>
Cash paid at completion	1,585
Deferred consideration payable in cash (note 17)	15
Total consideration	<u>1,600</u>

Goodwill arising on the acquisition is as follows:

	<b>£'000</b>
Fair value of consideration at date of acquisition	1,600
Less: fair value of net identifiable assets acquired	(1,231)
Goodwill arising on acquisition	<u>369</u>

Goodwill arose on the acquisition of EIBS Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £40,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2015. The Group Statement of Comprehensive Income for the year ended 30 April 2015 includes revenue of £1,534,000 and profit after taxation of £181,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of EIBS Limited had been completed on 1 May 2014 is impracticable as the accounting reference date of this company was previously 31 July and it did not prepare comparable revenue and profit information on a monthly basis.

	<b>£'000</b>
Net cash outflow on acquisition of EIBS Limited:	
Consideration paid in cash	1,585
Less: cash acquired in subsidiary	(296)
Net cash outflow on acquisition of subsidiary	<u>1,289</u>

**18 Business combinations (continued)****Business combinations completed in the year ended 30 April 2014***Acquisition of MSS Management Systems Services Limited*

On 2 July 2013, the company acquired 100% of the issued ordinary share capital of MSS Management Systems Services Limited, a company domiciled in England, for a total consideration of £862,000. The acquisition is expected to enhance the Group's existing business through the addition of intellectual property which supports Emergency Departments within NHS hospital trusts and a recurring revenue stream derived from a number of NHS customers.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	<b>£'000</b>
<b>Non-current assets</b>	
Customer relationships intangible	349
Software intangible	573
<b>Current assets</b>	
Trade and other receivables	1
Cash and cash equivalents	176
<b>Current liabilities</b>	
Trade and other payables	(68)
Deferred revenue	(150)
Current income tax	(26)
<b>Non-current liabilities</b>	
Deferred income taxation	(184)
Net identifiable assets acquired	<u>671</u>

The directors expect that all of the above receivables will be collected.

The fair value of the consideration at the date of acquisition is as follows:

	<b>£'000</b>
Cash paid at completion	765
Deferred consideration payable in cash 12 months after the date of acquisition (note 17)	50
Contingent consideration payable in cash (note 15)	47
Total consideration	<u>862</u>

The Share Purchase Agreement in respect of the acquisition of MSS Management Systems Services Limited provided for the possibility of contingent consideration of up to a maximum amount of £542,000. This further consideration was contingent upon the level of future revenue generated by MSS Management Systems Services Limited between the completion of the acquisition and 30 April 2014. At the date of the acquisition, the directors assessed the fair value of the contingent consideration payable at £47,000 (see note 15). The actual amount of contingent consideration payable has not yet been finally determined and agreed with the vendor.

**18 Business combinations (continued)**

Goodwill arising on the acquisition is as follows:	<b>£'000</b>
Fair value of consideration at date of acquisition	862
Less: fair value of net identifiable assets acquired	(671)
	<hr/>
Goodwill arising on acquisition	191
	<hr/>

Goodwill arose on the acquisition of MSS Management Systems Services Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £62,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2014. The Group Statement of Comprehensive Income for the year ended 30 April 2014 includes revenue of £511,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £233,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of MSS Management Systems Services Limited had been completed on 1 May 2013 is impracticable as the accounting reference date of this company was previously 31 March and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of MSS Management Systems Services Limited:	<b>£'000</b>
Consideration paid in cash	765
Less: cash acquired in subsidiary	(176)
	<hr/>
Net cash outflow on acquisition of subsidiary	589
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***Acquisition of Pentana Limited***

On 19 November 2013, the company acquired 100% of the issued ordinary share capital of Pentana Limited, a company domiciled in England, together with its wholly owned subsidiary, Pentana Inc. which is domiciled in the United States of America, for a total consideration of £3.7 million. The acquisition of Pentana Limited is expected to enhance the Group's existing business through the addition of intellectual property in the area of Governance, Risk and Compliance providing the Group with an entry point into the financial services sector and the outsourced risk and compliance market together with a significant recurring revenue stream.

**18 Business combinations (continued)**

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	<b>£'000</b>
<b>Non-current assets</b>	
Customer relationships intangible	1,555
Software intangible	1,260
Property plant and equipment	39
<b>Current assets</b>	
Trade and other receivables	531
Cash and cash equivalents	1,170
Current income tax recoverable	101
<b>Current liabilities</b>	
Trade and other payables	(271)
Deferred revenue	(865)
<b>Non-current liabilities</b>	
Deferred tax	(563)
Net identifiable assets acquired	<u>2,957</u>

The directors expect that all of the above receivables will be collected.

The fair value of the consideration at the date of acquisition is as follows:

	<b>£'000</b>
Cash paid at completion	3,425
Contingent consideration payable in cash (note 15)	280
Total consideration	<u>3,705</u>

The Share Purchase Agreement in respect of the acquisition of Pentana Limited provided for the possibility of contingent consideration of up to a maximum amount of £800,000. This further consideration was contingent upon the achievement of certain revenue targets by Pentana Limited in the 12 months following the completion of the acquisition. At the date of the acquisition, the directors assessed the fair value of the contingent consideration payable at £280,000. The contingent consideration payable was later agreed during the year ended 30 April 2015 at a total of £468,000 (see note 15).

Goodwill arising on the acquisition is as follows:

	<b>£'000</b>
Fair value of consideration at date of acquisition	3,705
Less: fair value of net identifiable assets acquired	(2,957)
Goodwill arising on acquisition	<u>748</u>

Goodwill arose on the acquisition of Pentana Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce of Pentana Limited. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

**18 Business combinations (continued)**

The costs of the acquisition of £184,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2014. The Group Statement of Comprehensive Income for the year ended 30 April 2014 includes revenue of £1,506,000 and profit after taxation, excluding amortisation of acquisition intangibles, of £342,000 in respect of the subsidiaries acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Pentana Limited had been completed on 1 May 2013 is impracticable as the accounting reference date for Pentana was previously 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Pentana Limited:	<b>£'000</b>
Consideration paid in cash	3,425
Less: cash acquired in subsidiary	(1,170)
	<hr/>
Net cash outflow on acquisition of subsidiary	2,255
	<hr/>

**19 Equity share capital, share premium and other reserves****Group and Company**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Issued and fully paid share capital:</b>		
177,341,678 ordinary shares of £0.01 each (2014: 121,890,656 shares)	<hr/> 1,773	<hr/> 1,219
<b>Share premium</b>	<hr/> 23,443	<hr/> 6,870

*Shares issued in the year ended 30 April 2015*

On 15 May 2014, 500,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options. On 2 June 2014, 129,100 ordinary shares were issued at 28 pence per share on the exercise of share options. On 1 August 2014, 333,333 ordinary shares were issued at 22.38 pence per share on the exercise of share options.

In January 2015, a total of 51,470,589 ordinary shares were issued in three tranches under a share placing at 34 pence per share. The first tranche of 1,975,631 shares was issued on 7 January 2015 and the second and third tranches of 12,730,251 and 36,764,707 shares respectively were issued separately on 8 January 2015. Share premium of £16,985,000 arose on the three tranches of shares issued under the share placing.

On 24 February 2015, 18,000 ordinary shares were issued at 20 pence per share on the exercise of share options.

On 17 April 2015, 2,800,000 ordinary shares were issued at 2.5 pence per share and a further 200,000 ordinary shares were issued at 7 pence per share on the exercise of share options.

The total share issue costs during the year ended 30 April 2015 of £584,000 have been deducted from the share premium account.

Details of outstanding options over the shares of the Company are provided in note 21.

*Shares issued in the year ended 30 April 2014*

On 11 October 2013, 150,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options.

**19 Equity share capital, share premium and other reserves (continued)***Merger reserve*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>	<u>1,167</u>	<u>1,167</u>
<b>Company</b>	<u>1,218</u>	<u>1,218</u>

The merger reserve is in respect of the premium arising on shares issued as part of the consideration on business combinations completed in previous years.

*Retained earnings*

Retained earnings of both the Group and the Company include an amount of £1,336,000 which does not represent a realised profit and is not distributable.

**20 Dividends**

A final dividend in respect of the year ended 30 April 2014 of 0.1 pence per ordinary share was paid to shareholders on 12 November 2014. The total cost of this dividend was £123,000.

An interim dividend in respect of the year ended 30 April 2015 of 0.055 pence per ordinary share (2014: 0.05 pence) was paid to shareholders on 11 March 2015. The total cost of this dividend was £96,000 (2014: £61,000).

The directors have proposed the payment of a final dividend of 0.11 pence per ordinary share (2014: 0.1 pence) on 12 November 2015 subject to approval by shareholders at the forthcoming Annual General Meeting. The total estimated cost of this dividend is £196,000.

**21 Share-based payments and share options**

The company operates an Enterprise Management Incentive share option Scheme which permits the grant to directors and staff of options in respect of ordinary shares in the company. Some of the options granted under this scheme do not have the tax benefits normally associated with Enterprise Management Incentive options however these options are identical in all other respects. The Scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are capable of being exercised in stages. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. There are no other vesting conditions except to note that the options will lapse on leaving employment with the company.

**21 Share-based payments and share options (continued)**

The following is a summary of the share options outstanding under the Enterprise Management Incentive Scheme.

**Year ended 30 April 2015**

	<b>Number of options</b>	<b>Weighted average exercise price (pence)</b>
<b>Outstanding at 1 May 2014</b>	11,604,333	12.3
Granted during the year	2,908,000	35.1
Exercised during the year	(3,851,333)	4.5
Lapsed during the year	(666,667)	22.38
<b>Outstanding at 30 April 2015</b>	<u>9,994,333</u>	<u>21.2</u>
<b>Exercisable as at 30 April 2015</b>	<u>5,586,333</u>	<u>13.7</u>

Of the options outstanding at 30 April 2015, 18,000 options have an exercise price of 20 pence, 25,000 options have an exercise price of 2.5 pence, 1,410,000 options have an exercise price of 8.5 pence, 2,133,333 options have an exercise price of 9 pence, 3,500,000 options have an exercise price of 22.38 pence, 1,330,000 options have an exercise price of 32.12 pence and 1,578,000 options have an exercise price of 37.63 pence.

During the year, 1,330,000 options were granted at 32.12 pence and 1,578,000 options were granted at 37.63 pence. The fair values of the options granted during the year were estimated at the date of grant using the Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

	<b>1,330,000 options at 32.12 pence</b>	<b>1,578,000 options at 37.63 pence</b>
Share price at grant date	32.12 pence	37.63 pence
Exercise price	32.12 pence	37.63 pence
Expected volatility	42%	42%
Expected dividend yield	0.4%	0.4%
Expected option life	5 years	5 years
Risk-free interest rate	1.87%	1.02%
Fair value of option	12.12 pence	13.69 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

The fair value of the options exercised during the year at the date the options were granted and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	Exercise price (pence)	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant (pence)
500,000	2.50	41.12	1.28
333,333	22.38	32.38	11.80
18,000	20.00	37.25	0.00
2,800,000	2.50	35.00	1.28
200,000	7.00	35.00	1.28
<u>3,851,333</u>			



**21 Share-based payments and share options (continued)**

During the year, 666,667 options lapsed. These options had an exercise price of 22.38 pence and a fair value at grant date of 11.8 pence per option.

The total fair value of the options exercised during the year at the date the options were granted was £85,000. This amount was transferred from the share-based payment reserve to retained earnings during the year.

The weighted average remaining contractual life of the options outstanding at 30 April 2015 was 7.7 years.

During the year ended 30 April 2015 the group recognised a total charge of £276,000 in the Consolidated Statement of Comprehensive Income in relation to its equity-settled share option scheme. Of this, £142,000 related to share options granted and £134,000 related to share options exercised. The charges relating to share options granted have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2015 amounted to £653,000.

**Year ended 30 April 2014**

	<b>Number of options</b>	<b>Weighted average exercise price</b>
<b>Outstanding at 1 May 2013</b>	11,754,333	12.1 pence
Exercised during the year	(150,000)	2.5 pence
<b>Outstanding at 30 April 2014</b>	<u>11,604,333</u>	<u>12.3 pence</u>
<b>Exercisable as at 30 April 2014</b>	<u>7,893,222</u>	<u>8.7 pence</u>

Of the options outstanding at 30 April 2014, 36,000 options have an exercise price of 20 pence, 3,325,000 options have an exercise price of 2.5 pence, 200,000 options have an exercise price of 7 pence, 1,410,000 options have an exercise price of 8.5 pence, 2,133,333 options have an exercise price of 9 pence and 4,500,000 options have an exercise price of 22.38 pence.

The price of Ideagen plc ordinary shares at the date of exercise of the options noted above was 22.75 pence. The fair value of the options exercised during the year at the date the options were granted was 1.28 pence per share. The total fair value of the options exercised during the year at the date the options were granted was £1,920. This amount was transferred from the share-based payment reserve to retained earnings during the year.

The weighted average remaining contractual life of the outstanding options at 30 April 2014 was 7.3 years.

During the year ended 30 April 2014 the group recognised expenses of £285,000 in the Statement of Comprehensive Income in relation to its equity-settled share option scheme. These option charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2014 amounted to £596,000.

**Other outstanding share options**

In addition to the options granted under the terms of the Enterprise Management Incentive share option scheme disclosed above, a total of 297,850 further options were granted by the company in 2005 and 2006 and remained outstanding at 30 April 2014. Of the total outstanding at 30 April 2014, 129,100 options were exercised at an exercise price of 28 pence during the year ended 30 April 2015 when the price of Ideagen plc ordinary shares was 40 pence per share.

At 30 April 2015, 168,750 options remain outstanding of which 88,750 options are exercisable at any time prior to 21 November 2015 at 20 pence and 80,000 options are exercisable at any time prior to 25 October 2016 at 10 pence.

**22 Capital management**

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern so that it can continue to provide a return to shareholders and benefits for other stakeholders.

The capital monitored by the group consists of all components of equity attributable to owners of the parent as set out in the Group Statement of Changes in Equity other than the foreign currency translation reserve, any long or short term borrowings, contingent and deferred liabilities arising from business combinations disclosed in Notes 15 and 17 and cash and cash equivalents.

The group currently maintains a capital structure which is appropriate for its needs principally through a combination of cash flow management and forecasting and the issue of new shares, primarily in connection with the funding of business acquisitions. The group does not currently have any short or long term borrowings.

The group is not subject to externally imposed capital requirements other than the minimum capital requirements imposed by the Companies Act 2006 on all public limited companies.

**23 Operating lease commitments**

As at 30 April 2015 the group had aggregate commitments under non-cancellable operating leases which expire as follows:

	<b>Land &amp; Buildings 2015 £'000</b>	<b>Land &amp; Buildings 2014 £'000</b>
Within one year	40	46
Between one and two years	63	122
Between two and five years	461	-
	<u>564</u>	<u>168</u>

**24 Pension schemes**

The group operates several defined contribution pension schemes for certain employees. The pension cost charge for the year represents contributions payable by the group into both these schemes and into individual pension arrangements in respect of certain employees on a defined contribution basis and amounted to £95,000 (2014: £32,000).

**25 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding overdrafts as follows.

**Group**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Cash and bank balances	<u>5,266</u>	<u>4,011</u>

**Company**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Cash and bank balances	<u>1,409</u>	<u>1,816</u>

**26 Related party transactions**

Ideagen plc is the parent company of the group. There was no overall control of Ideagen plc.

Balances and transactions between the Company and its wholly owned subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

Trade payables in the Company at 30 April 2015 included £nil (2014: £28,487) payable to Glacier Software Limited, a company controlled by Mr D R K Hornsby. This was in respect of a balance of fees for Mr D R K Hornsby as a director of the Company earned between 2009 and 2011.

At 30 April 2015, trade and other payables in the Company included £3,998 (2014: £3,627) payable to Ultris Limited, a company in which Mr A M Carroll is a director and major shareholder. This amount is in respect of fees payable to Mr A M Carroll as a director of the Company. The amounts payable to Ultris Limited for the services of Mr A M Carroll as a director of the Company are included in the remuneration of directors disclosed in note 6.

Other creditors in the Company at 30 April 2015 included £73,087 and £3,217 payable to Mr D R K Hornsby and Mr G P Spenceley respectively. These amounts relate to outstanding balances payable by the Company from the sale of Ideagen plc shares through the Company in order to fund the tax liabilities of these individuals associated with the exercise of HMRC-unapproved Ideagen share options. Mr Hornsby and Mr Spenceley are directors of the Company.

For the purposes of this note there are not considered to be any key management personnel other than the directors of the Company. The remuneration of the directors of the company is disclosed in note 6 of these financial statements.

**27 Events after the end of the reporting period**

*Issues of ordinary shares*

In order to satisfy the exercise of share options, the company issued 470,000 shares at 8.5 pence each on 6 May 2015 and 18,000 shares at 20 pence on 7 August 2015.



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