Annual Report

Ingenta plc

For the year ended

31 December 2020

Registered number: 00837205

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The Directors submit to the members their report and accounts of the Group for the year ended 31 December 2020. Pages 1 to 21, including the Chairman's statement, Corporate governance statement and Directors' remuneration report, form part of the Directors' report.

Directors and advisers

Executive Directors

G S Winner, Chief Executive Officer
J R Sheffield, Chief Financial Officer

Non-Executive Directors

M C Rose, Chairman
M A Rowse
N W Kirton
S J G White (appointed 1 April 2020)
B H Holmström

Company Secretary

J R Sheffield

Registered Office

8100 Alec Issigonis Way
Oxford
OX4 2HU

Auditor

Grant Thornton UK LLP
Registered Auditor
Seacourt Tower
Botley
Oxford
OX2 0JJ

Banker

HSBC Bank plc
71 Queen Victoria Street
London
EC4V 4AY

Solicitor

Memery Crystal LLP
165 Fleet Street
London
EC4A 2DY

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Nominated Adviser and Broker

Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS

Highlights

Financial Key Points

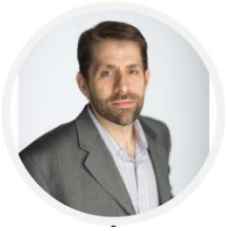
- Revenues of £10.2m (2019: £10.9m) reflecting a focus on core software offerings.
- Annual Recurring Revenue of 86% (2019: 77%).
- Operating cash inflows of £0.8m in the year (2019: £1.7m inclusive of £0.5m of accelerated receipts).
- Cash balances at year end of £2.3m (2019: £2.6m).
- Adjusted EBITDA* of £1.2m (2019: £1.3m).
- Net profit of £0.3m (2019: loss of £1.4m).
- Proposed dividend of 1.5 pence per share, subject to shareholder approval at the 2021 AGM (2019: 1.5 pence).
- Earnings per share of 1.61 pence (2019: loss 7.98 pence).

Operational Key Points

- 3 new customer sales and 5 Go-lives across the product portfolio during the year.
- Vista as a service operational within key customers sites.
- Company profile substantially de-risked with an ongoing annual cost base of approximately £9.7m.
- Remote working capability fully operational across all areas of the Group.

* Adjusted EBITDA – EBITDA before impairment, amortisation, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs. A calculation is provided in note 5 to the accounts.

Board members



Scott Winner, Chief Executive Officer

As CEO, Scott Winner builds and drives the organisation to deliver successfully across all areas of Professional Services, Research and Development, Customer Service and Service Delivery. Scott is responsible for overseeing and evolving how Ingenta creates and delivers new products, for deploying its innovations to customers and managing the overall operational execution, all with a strong metrics and analytics driven approach. Prior to his role as COO, Scott was EVP, Global Projects for Ingenta, but has previously held roles managing product line P&L, driving product development efforts and building successful organizations to deliver. He has worked across several different industries, including educational publishing, manufacturing and financial services, and has held roles at Pearson Education, Amplify Learning, McGraw-Hill and the Fireman's Fund insurance company.

Martyn Rose, Chairman

Martyn Rose is an entrepreneur specialising in refinancing and restructuring smaller companies and Chairman and a non-executive director of Ingenta. Martyn has helped steer the company toward its continued growth, stability and success since 1999 before the merger of Ingenta and VISTA International Limited to become Ingenta in 2007. Martyn is also a qualified barrister and became Chairman of his first publicly listed company at the age of 34. Since that time, he has been Chairman of over twenty five public and private companies with a present involvement in publishing software, online academic research, financial services, manufacturing, recruitment and commercial radio. In addition to his other commercial interests, Martyn has been a trustee of the Cystic Fibrosis Trust since 2000, a school governor and co-chaired the National Citizen Service.

Neil Kirton, Non-executive Director

Neil Kirton is currently a Managing Director and Head of Business Intelligence in the London office of Kroll, a global leader in corporate investigations and risk consultancy. Prior to joining Kroll he was a Group Board Director at The Arbuthnot Banking Group plc having been Head of Corporate Finance and Chief Executive Officer of its securities business. Previously he held a range of senior equity market positions with Bridgewell Securities and ABN AMRO Hoare Govett Limited (now known as RBS HG (UK) Limited) where he was Deputy Chief Executive and Global Head of Equity Sales.

Henrik Holmstrom, Non-executive Director

Henrik founded the content management company Polopoly AB in 2000 which focuses on online media. He developed the business until it was acquired by Atex in 2008, after which Henrik became Group Chief Architect and later Chief Technology Officer heading up the global R&D function. Since 2014, Henrik has been building online security products and acting as an advisor to a number of unlisted Swedish companies. Henrik holds a M.Sc. in Computer Science and Engineering from the Royal Institute of Technology, Stockholm

Jonathan Sheffield, Chief Financial Officer and Company Secretary

As Chief Financial Officer, Jon is responsible for the financial well-being and stability of the organisation, as well as communicating with the investor community. Jon leads the Enterprise Services division of Ingenta with responsibility for HR, Facilities and Technology Infrastructure. Prior to his appointment as CFO, as Group Financial Controller, Jon managed the Ingenta Finance function, including all aspects of compliance, forecasting and reporting. An ACA qualified accountant, Jon spent the early part of his career in practice, latterly at Pricewaterhousecoopers LLP, managing audits and compliance over a broad range of companies and market sectors. Prior to joining Ingenta, he held similar finance roles in the IT and Retail industry. Jon qualified as a chartered accountant in 2001 before joining Ingenta in 2010.

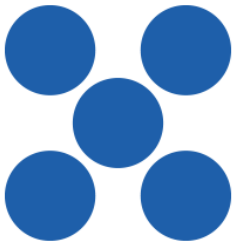
Mark Rowse, Non-executive Director

Mark Rowse is a media and publishing entrepreneur who specialises in creating and developing businesses where content meets the internet, particularly in the areas of digital publishing and online television. After graduation from the University of Cambridge with a first-class honours degree in Law, Mark worked at investment bank NM Rothschild & Sons Limited in mergers and acquisitions. Following this he entered the media industry and since the mid 1990's Mark has principally worked in the areas of the internet and digital television, pioneering digital interactive TV on airlines, co-founding Yes TV, now one of the major operators of on-demand TV in Asia, and launching Luxury Life, an international digital satellite TV channel. In 1998 he founded Ingenta plc, taking the company to a £120m flotation in 2000 and is now a non-executive director of Ingenta as a result of the merger of Ingenta and VISTA International Limited in 2007.

Sebastian White, Non-executive Director

Sebastian is an Investment Director at Kestrel Partners. Prior to joining Kestrel, he had 14 years as head of corporate development at UK AIM listed Alternative Networks plc, a communications and hosting provider to the mid-market. Sebastian's responsibilities included business planning, M&A process management, commercial due diligence and acquisition integration.

Ingenta Products



Ingenta Commercial

The Ingenta Commercial framework provides a range of applications designed to move your content forward in today's marketplace, combining the best business solutions for both print and digital products.

- Royalties
- Permissions
- Editorial and Production
- Online Sales & Marketing
- Digital & Print Distribution
- Subscription Management

Ingenta Content

Our Ingenta suite of hosting platforms enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content.

- Online Platforms
- Semantic Enrichment
- Mobile
- E-commerce
- Access Entitlement

Ingenta Advertising

Our advertising solution is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, maximise the value of your audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

- Multimedia bookings
- Packages and bundles
- Inventory management
- Finance/credit control
- CRM

The Ingenta Audience data management platform (DMP) processes enriched data to gain valuable insights on your users. These insights empower advertisers to ensure that their creative advertising campaigns reach and engage with their target audiences.

Ingenta Services

Publishers Communication Group

Publishers Communication Group (PCG), is an internationally recognised sales and marketing consulting firm providing a range of services designed to support and drive clients' sales strategy. PCG has advocated for scholarly publications and digital content around the world for over a quarter of a century.

The Ingenta suite of products has been developed to mirror the needs and anticipate the future direction of global content providers. Many of world's leading publishers turn to Ingenta to advance their content strategies. We can assist clients every step of the way, from editorial acquisition through to the end-user, with our premier asset management systems, sales and marketing consulting, and digital hosting platforms.

Ingenta Product Families offer a choice of deployment models: Enterprise or Express.

Product family	Product	Implementation Methodology	
		Enterprise	Express
Commercial	Contracts, Rights and Royalties (CRR)	●	●
	Content Lifecycle Manager (CLM)	●	●
	Order to Cash (O2C)	●	●
	Ingenta Aperture	●	
	Ingenta ConChord	●	
	Vista	●	
Content	Ingenta Edify	●	●
	Ingenta Connect	●	
	Ingenta Connect Unity	●	
	Ingenta Link	●	
Advertising	Ingenta ad DEPOT	●	●
	Ingenta Audience	●	
	Ingenta Market Place	●	

Enterprise deployments will be product-based but allow for bespoke changes and customisations to be made to the software. Express deploys an "off the shelf" software package which allows the Group to sell at a lower price point with a standard implementation. Express products have full capability with limited flexibility and are designed for publishers prepared to adapt their processes rather than customise the software. Ingenta has adopted best practices when defining the Express offerings.

Ingenta Commercial

The Ingenta Commercial suite is an ERP solution for publishers which supports any product from ideation, contract management through to order fulfilment and cash collection.

The following components of the Commercial system can be purchased separately, in any combination, or as a complete enterprise system:

Content lifecycle manager (CLM)

This module helps manage product processes and control workflow. It provides a central repository in which core bibliographic data, associated assets and rights can be stored and organised.

Users can create highly configurable product types at a granular level or building block level. Being product agnostic any complex combination, set, collection of physical or digital bundle can be set up, decreasing time to market.

Contracts, Rights and Royalties (CRR)

Managing electronic rights, sub rights, fragments and permissions, the Rights element of CRR ensures that content owners get the most from their assets, no matter the size, format, or fine details of the transaction.

- Real-time visibility of rights inventory
- Complete tracking of expiration, publication, and sales histories
- Support for chapter, image, and fragment sales
- Full downstream management of rights income

In addition, CRR manages the full IP lifecycle, ensuring legal issues, from territorial rights and marketing obligations to supply chain management and insurance, are properly considered and consistently administered. Contracts management within CRR underpins the system and enables consistency and compliance across your organisation, to avoid potentially costly disputes.

CRR enables data owners and users to confidently fulfil contractual obligations, decrease operating expenses and boost revenue potential with a complete intellectual property system which leverages rights, royalties and permissions compliance with accurate cash flow forecasting, multicurrency calculations and tracking across various products and content types.

The Royalties element of the CRR application enables publishers to calculate complex royalties quickly, easily and with confidence, and provides authors with a self-service interface. This allows publishers to better serve their authors, contributors, illustrators, and other rights owners from initial contract to final payment. CRR is considered the only system on the market able to handle the complexities and nuances of today's most creative deals.

- Complex royalty calculations
- Support for multiple currencies and international tax reporting
- Streamlined operations and cash flow forecasting
- Improved author care with user-friendly interface

Order to Cash (O2C)

The Order to Cash application allows publishers to package, market, sell and deliver content in the formats that readers demand, where and when they seek it. O2C has the range and depth of features necessary to integrate the delivery of diverse product types and billing methods via multiple channels, including e-books, online subscriptions, social commerce, digital access, downloads and service billing, while providing full support for print and physical products.

Ingenta Aperture

Launched in 2018, Ingenta Aperture allows customers to create a view into their data which can be accessed on demand, regardless of where the information is stored. Access rights can be set to make sure sensitive information is shared on a 'need to know' basis. This allows business to share insights, securely, on their own terms. Typical uses include:

- Authors accessing royalty statements
- Detailed product, pricing, bundling and order information; on demand for bookstores
- Metadata access for project contributors
- On-the-go access for representatives

Ingenta ConChord

Ingenta ConChord is a configurable browser-based platform that helps manage the complexities of music contracts, copyright, and associated royalties. It provides a complete solution for music publishers wanting more control and better visibility over licenced content. It also allows you to sell the music rights onto third parties and track earnings received. Music can be experienced in different ways and Ingenta ConChord provides the flexibility to handle:

- Mechanical royalties
- Print royalties
- Performance royalties
- Sync royalties

Vista

Vista, a legacy enterprise level product family, provides a range of applications enabling Book Fulfilment, Subscription Management, Third Party Distribution and Royalties Management, delivered through several managed services, including:

- Applications Implementation Services (AIS)
- Applications Support and Updates (ASU)
- Applications Management Services (AMS)
- Applications Hosting Services (AHS)

Vista continues to be an important part of Ingenta's product portfolio. Service of the product and existing customers continues to evolve. 2018 marked the first "Vista as a service" deployment of the product; a modern cloud-based service, in-line with today's expectations of software services.

Ingenta Content

Our Content products deliver over 700 million page views and data requests per year through our fully outsourced Ingenta Connect scholarly portal, our custom, semantically enriched, multi-format Ingenta Edify platform and E-commerce solution.

These products enable publishers of any size, discipline, or technical proficiency to convert, store, deliver, and monetise digital content.

Ingenta Edify

The Ingenta Edify platform is a custom hosting solution that supports and delivers all the information a data provider will publish. The result of a multi- year research and development program, our solution has been built from the ground up using a powerful combination of industry standard architecture and semantic web technologies. Ingenta Edify maximises the visibility, usage, and value of publishers' content via semantic enrichment while optimising content licensing around flexible E-commerce and access controls regardless of format or type.

- Provides seamless access to all content in all its formats
- Harnesses semantic discovery and drives usage with intuitive routes into research
- Allows content to be repackaged easily to experiment with new business models
- Delivers content via desktop, tablet, or smartphone
- Uses sophisticated access control

Ingenta Connect

Ingenta Connect hosts content for around 140 publishers and is the home of scholarly research. Academics and students from over 25,000 registered institutions around the world have access to tens of thousands of publications, leading to an average of 32 million page views per year, delivering over 200,000 downloads per month. Our fully outsourced e-publishing package is a turn-key platform solution and a proven channel to get content online quickly, easily and affordably.

On Ingenta Connect, there is a broad spectrum of cost-effective services to choose from, whether a publisher is taking content online for the first time, looking to increase revenues through online activity or thinking of creating a custom-branded website.

- Data conversion & enhancement
- Secure web hosting
- Flexible E-commerce
- Linking and distribution
- Ahead-of-publication solutions
- Continuous publishing models
- Collection bundling and Virtual Publication creation
- Archival Digitisation and delivery

Ingenta Connect Unity

The Ingenta Connect Unity option provides publishers with a branded view of Ingenta Connect. It is ideal for publishers wanting to utilise all the features the Ingenta Connect platform offers through their own website.

Ingenta Advertising

Ingenta Advertising is the division of products which caters for advertising and media products which are used by a variety of consumer, media, broadcast and media organisations:

Ingenta ad DEPOT

Ingenta ad DEPOT is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, publishers can maximise the value of their audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

Ingenta ad DEPOT manages:

- CRM
- Multimedia bookings
- Packages and bundles
- Inventory management
- Traffic
- Finance/credit control

Features:

- In-house and third-party CRM integration
- Finance production integrations
- Billing invoicing and accruals
- Receivables
- Print, digital and events bookings managed as single order
- Contact management
- Reporting, analysis and interactive dashboards
- Traffic and ad copy tracking
- Internal and external inventory management

Ingenta Audience

Ingenta Audience is an audience profiling platform. It provides customer intelligence to help users engage the right audiences and make better informed marketing decisions. The profiling platform provides tools to segment audiences. These audience insights help optimise advert positioning by helping to determine which areas of content are most likely to be relevant and of interest to target audiences.

Ingenta Audience ingests multiple data sources to gain a holistic view of the customers digital platform visitors. Ingenta Audience has the ability to interpret data such as consumers' interests and attractions across digital channels and interact with other data points to create a 'single consumer view' of the customers, this first party data provides the opportunity to serve relevant content and ads albeit from the customers own inventory or via ad exchanges.

Ingenta Market Place

Ingenta Market Place provides a means for suppliers to book advertising space(s) on a retailer's website. This enables the retailer to easily view, select and confirm optimum suppliers' product(s) for each position, to maximise revenues. One of our customer's, J Sainsbury plc, is successfully using this platform.

Publishers Communication Group

Publishers Communication Group (PCG), an Ingenta company, is an internationally recognised sales and marketing consulting firm providing a range of services designed to support and drive clients' sales strategy. PCG has advocated for scholarly publications and digital content around the world for over a quarter of a century.

PCG sales, marketing and research professionals have executed successful campaigns, forged relationships with top global consortia and scrutinised the ever-changing academic marketplace on behalf of over 100 industry clients, generating more than $50 million for clients in sales.

Established in 1990, PCG manages strategic sales and marketing operations for publishers including The Royal Society of London, Mary Ann Liebert and SAE International, and conducts individual and repeat projects for a variety of publishers around the world.

Experience

Now in its third decade, PCG has helped publishers launch sales and marketing efforts in new regions, shore up existing business, conduct market research and analysis, and negotiate lucrative consortia deals. Our established network of faculty, library selectors, consortia leaders and end-users, paired with our seasoned, multilingual sales teams makes us an ideal partner for a publisher of any size.

Connections

PCG team members have held positions at academic and medical libraries, subscription agents and publishers including, Wiley, Mango Languages, OCLC, Ingram, Lyrasis, LexisNexis, the MIT Press, Elsevier, Cengage, NEJM, JBJS, Forrester Research, Sage, and Taylor & Francis, resulting in over 200 years of collective industry experience. Their extensive global network includes tens of thousands of library selectors from academic, corporate, medical libraries and consortia worldwide.

Trusted Partner

PCG clients include commercial publishers, non-profit associations and electronic services providers. Publishers trust that we will promote their content to the right people and in the most impartial manner possible by providing measurable results and explicit data to help justify marketing expenditure.

Global Reach

PCG's multilingual team consistently develops new relationships with key decision-makers across the world.

Chairman's statement

Overview

During a year of significant disruption, Ingenta's strategic focus remained the generation of recurring revenue by selling rapidly deployable, productised offerings with a clear upgrade path to future enhancements. This strategy is firmly in place within our Ingenta Content business where we won 3 new contracts in the second half of the year with 2 of them subsequently going live before the year end. The next stage is to replicate this strategy fully in the Commercial product portfolio where historically, implementations have included a significant element of bespoke development work.

On an operational front, we also went live with 3 Commercial customers during the year and have transitioned them to support which further supplements recurring revenue. In addition, our hosted services offering has also been taken up by several customers, most notably under the guise of Vista as a Service which allows our partners to concentrate on their core business rather than peripheral technology.

Traction in adjacent vertical markets has been slower than expected, partly due to uncertainty in the global economy as potential partners delayed or cancelled purchasing decisions. However, we remain confident that the product remains relevant for the wider contracts, rights and royalties challenges encountered by industries outside of our normal trade publishing partners. As previously announced, we already have a product specifically tailored to the music industry, however the core Commercial software engine can be readily adapted to other target markets as applicable.

Results

As anticipated, Group revenue decreased slightly from the prior year as the business refocussed itself towards its core software offering and reduced reliance on the sales consultancy services delivered by PCG. Further details of this are found in note 2 of the financial statements. The Group now has recurring revenues of 86% and reported stable gross profit margins compared to the prior year.

The global pandemic led to a reduction in sales and marketing spend as the traditional trade events calendar was severely restricted. Administrative expenses remained broadly stable but also include £0.4m of non-recurring costs associated with premises exit costs and professional fees. There were no impairments charged in 2020 and the Group delivered a profit from operations of £0.3m compared to a loss of £1.2m in the prior year. The Group has brought forward tax losses of over £20m and will use them to offset future tax liabilities.

The Group's balance sheet remains strong and the business generated £0.8m of cash inflows from operations to close the year with £2.3m of cash reserves. To support a stronger recurring revenue profile, substantial investments have been made in the Group's fixed asset base to provide increased hosting capabilities which are being utilised by our customers as they look to outsource internal IT infrastructure.

Shareholders' returns and dividends

During the year, the Company announced a second share buyback programme and over the course of 2020 repurchased a further 81,000 ordinary shares. At the year end, the Company had 16,919,609 ordinary shares in issue, with a total of 147,104 shares held in treasury and 16,772,505 ordinary shares with voting rights.

The Directors declare their intention to pay a dividend in 2021 of 1.5 pence per share (2019: 1.5 pence) subject to approval at the forthcoming AGM.

Outlook

After the economic upheaval of 2020, Ingenta is now better placed to move forward with renewed optimism. The Group has streamlined its operations, improved its operational resilience, and refined its approach to capitalise on market opportunities as they arise. The strategy to enhance recurring revenue growth has started to deliver results driven by a focussed product set tailored to meet the needs of our customers, whilst providing a clear upgrade path as required.

M C Rose
Chairman
28 May 2021

Group strategic report

Business Strategy

The Group's focus is to accelerate growth of its recurring revenue streams. To facilitate this, the Group are moving away from selling perpetual licences and promoting a software as a service model wherever possible. Operationally, the Group has moved to a product agnostic services architecture so that it can offer an integrated approach to servicing customers whereby service levels are standardised, and resources are utilised more efficiently. In conjunction with this, the Group is now looking to offer standardised functionality to its product set which has led to the 'Express' software version which will be available across the Ingenta product portfolio.

Product review

Ingenta Commercial

Ingenta Commercial provides a variety of modular publishing management systems for both print and digital products. A core area of expertise is within Intellectual Property and the Group is looking to leverage its existing expertise in contracts, rights and royalty's management by expanding into adjacent verticals. ConChord, a solution designed for the music industry, has already been released and we believe there are further opportunities in other verticals where IP management is an increasing concern.

Reported revenues increased by £0.4m to £6.6m and the Group announced 3 further go lives in the year to add to the recurring revenue base. These deployments were for SME businesses which the Group has identified as a good fit for its standardised products. Unfortunately, the Covid pandemic restricted new sales activity as customers delayed making significant investment decisions and consequently this has also impacted on the Group's aim to diversify into adjacent verticals.

Ingenta Content

The Ingenta Content suite of products enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content.

Ingenta's Edify content management solution is offered in an ''Express' format as well as the full enterprise version. During the year, 3 new customer 'Express' sales were made, 2 of which went live before year end, which aligns with the strategy of efficiently adding to the Groups recurring revenues. In total, full year revenues declined marginally to £2.3m because of customer migrations.

Ingenta Advertising

Ingenta Advertising provides a complete browser-based multimedia advertising, CRM and sales management platform for content providers.

The business anticipates that the Group's Advertising offering will become a component of the larger Commercial and Content Products divisions and in time its revenues will be less clearly distinguished as a separate CGU. Reported revenue remained stable at £0.8m.

PCG

The PCG consulting arm provides a range of non-software services designed to support and drive a business's sales strategy.

As outlined in the prior year, PCG revenues were expected to decline after the termination of a significant contract. The business has been refocused on its key customer base and the team's skills are being increasingly used to drive sales pipeline for the wider Group. Reported revenue for the year was £0.4m.

Financial Performance

Group revenues for the year were £10.2m (2019: £10.9m) reflecting the PCG contract loss, the Group's focus towards recurring software revenue and challenging end markets. Encouragingly, the Ingenta Commercial business has performed well increasing turnover by £0.4m.

The Group's cost of sales declined in line with revenue to deliver stable gross margins. Sales and marketing spend was reduced due to the cancellation of a significant number of trade shows in 2020. Administrative costs were broadly stable however included £0.5m of non-recurring costs relating to premises and professional fees.

No tax charge is anticipated for 2020 as the Group continues to utilise brought forward tax losses.

Financial Position

Non-current assets include goodwill and intangibles recognised on historic acquisitions. In 2020 Goodwill relates solely to the core Content platform software and the intangibles to Advertising software technology acquired in 2016. Goodwill relating to historic acquisitions is tested for impairment each year using discounted cashflows. No impairment was identified in 2020. Property, plant and equipment increases are because of additional investment in hosting infrastructure to support the growing service offering.

Current assets have decreased compared to 2019 mainly driven by reduced debtors as the business transitions away from upfront annual billing to a more even software as a service model with monthly invoicing.

Total liabilities have also declined compared to 2019 in part because of less upfront annual billing which reduces deferred income. Further, significant creditor balances were aligned with the terminated PCG contract and these were all paid off during the year.

Cashflow

The Group generated a cash inflow from operations of £0.8m compared to £1.7m in 2019. Timing of renewal receipts is a key factor and with a transition towards software as a service there will be less upfront annual receipts. The unwinding of the PCG contract mentioned above also yielded a net repayment of cash as Ingenta acted as the sales receivable function on the contract. Other significant cash outflows were for hosting infrastructure purchased to support the growing hosting services offering.

Key Performance Indicators

The Board and senior management review a number of KPI's continually throughout the year, all of which form part of the monthly management accounts process and include:

- Revenue versus budget and monthly reforecast
- Adjusted EBITDA (see note 5 for calculation) versus budget
- Group cashflow versus budget
- Sales pipeline growth and conversion analysis
- Time utilisation statistics

Any deviations or anomalies are investigated, and corrective action taken where appropriate.

Full year revenues were below budget largely because of shortfalls on new sales targets as the Covid pandemic severely restricted activity. However, new sales activity in Ingenta Content products increased towards the end of the year.

Adjusted EBITDA was also lower than budget driven by the same new sales shortfalls mentioned above.

Year-end cash balances were only £0.1m below budget which reflects the careful management of cash throughout the pandemic.

The Group monitor sales activity with reference to monthly sales pipeline reports. These reports detail sales opportunities by product with metrics around expected project timelines and revenue recognition estimates so that management can deploy resources adequately to ensure the best chance of success in the bidding process. When any items are removed from the pipeline due to either a successful sale or a lost opportunity, management carry out a detailed analysis to ensure the reasons are understood and any actions required are taken.

The business monitors time utilisation at a contract level to enable accurate pricing decisions to be made ensuring profitable service delivery. Internal development costs are also reviewed to ensure the appropriate effort is spent supporting the products and deliver an effective product roadmap.

Section 172(1) Statement

The Directors continually monitor the operations of the business and take decisions to promote the success of the Group for the benefit of all its members. As described in the Business Strategy section of this report, the Directors have selected a business model and operational structure designed to maximise the effectiveness of the business for all stakeholders. The likely consequences of any decisions are modelled to provide assurance that they are in the long-term interest of stakeholders and, as detailed in the Corporate Governance Report included in the 2020 Annual Report, risk management and internal controls are a key oversight to ensure objectives are met. The Group have also adopted the QCA Corporate Governance code which is designed to foster strong relations with all stakeholders and details are included on the Group's website. In addition to our shareholders, the Board considers the employees, customers and suppliers to be critical to the long-term success of the business.

Shareholder engagement

The Board is committed to maintaining active dialogue with its shareholders to ensure that its strategy, business model and performance are understood. The AGM is the main forum for dialogue between retail shareholders and the Board. The notice of the AGM is sent at least 21 days before the meeting which is held at the Group's Head Office and all Board members routinely attend. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. During the meeting, the Board members are available to answer any questions raised by shareholders. The results of the AGM are subsequently published via a Regulatory Information Service on the Company's corporate website. The Chief Executive Officer and Chief Financial Officer are primarily responsible for shareholder liaison and can be contacted on 01865 397 800. The executive management make presentations to institutional shareholders and analysts each year following the release of full year and half year results. Conversations, when requested, are also held at other points in the year. The corporate website also includes details of recent annual and interim results and all of the Group's RNS and RNS Reach announcements.

Employee engagement

Staff are invited to Companywide meetings where the Executive Team share information and updates on strategy and recent news. At these meetings, there is also a forum where all members of staff can ask questions. Ingenta also retain an independent HR resource to ensure all HR issues are dealt with in accordance with best practice and all rules and regulations are adhered to.

Customer engagement

The Group has many customers of differing sizes and complexity with a variety of requirements. To best service them, the business has rolled out a new operating model to standardise its approach to all customers and provide a consistent level of service and support. The business also keeps regular contact with customers via account managers and user groups where demand exists so that our customers can feed back any issues, share experiences and help shape the development of our products. To ensure the business is keeping abreast of wider industry challenges, we actively participate in a variety of annual trade events.

Supplier engagement

The Group makes every effort to ensure our suppliers are treated fairly and paid on time and on average they are paid within 29 days. Ingenta opposes modern slavery in all its forms and endeavours to make sure any concerns raised are investigated. Where offshore resourcing is used, the business meets the suppliers prior to contract signing to satisfy itself that they are operating in a responsible manner.

Company culture

The Board and senior management expect everyone in the company to act in a responsible and ethical manner because the reputation of the business is key to our success. The Group does not let cost concerns override its ethics and behaviour. For example, we only contract with offshore resourcing entities who commit to fair working practices. The Company is committed to minimising negative environmental impact in terms of energy usage at our offices, digitising our content and using responsible methods to dispose of electrical equipment. The Company and staff are also active in the local community supporting charities and sponsoring good causes. Feedback from all stakeholders allow the Board to monitor the Company's culture, as well as the ethical values and behaviours within the business.

Going concern

The core fundamentals of the Group remain strong with cash reserves of over £2m and no debt beyond leasing arrangements. In addition, further cost saving opportunities have been identified as the Group look to reduce their physical premises cost and associated overheads as leases naturally expire over the coming years. Management have assured themselves that cash is sufficient for the needs of the business based on the cash flow forecast.

The COVID-19 outbreak continues to add some uncertainty to financial forecasting and modelling. However, at an operating profit level, the Group's results for the first quarter of 2021 have been in line with budget. New sales activity remains subdued with the timing of any uplift difficult to predict. The Group continues to embrace established remote working practices without any significant impact to services. Any ongoing implementations and professional services can also be delivered remotely by Ingenta personnel. The internal business infrastructure is contracted with large multinational corporations and remains resilient. The Group has modelled various downside scenarios and consider it appropriate to use the going concern basis to compile these financial statements. Further details on going concern are included in the accounting policies section of the financial statements.

Outlook

The Group's core Commercial and Content software solutions provide a mission critical service enabling publishers to run their business and manage their IP assets. Recent data suggests that the publishing market has performed well during the pandemic and is forecast to continue growing. In response, the Group is actively looking to broaden service provision to customers to enable them to concentrate on core activities and capitalise on growth opportunities as they arise. The Group sees further opportunities in adjacent markets where concepts of IP and its inherent complexity are increasingly prevalent. In many cases, existing solutions often struggle to keep pace with industry changes and Ingenta believes the Group's core royalty software engine can be readily integrated to provide a robust and flexible upgrade. These factors, combined with an ongoing drive to improve efficiency, give the Board an optimistic outlook for 2021 and beyond.

Risks and uncertainties

COVID-19

The COVID-19 pandemic continues to be considered a principal risk to the business bringing with it many significant uncertainties although to date they have been successfully mitigated. The Group has analysed the potential impacts and tailored its business continuity plan in response to the anticipated threats. All staff within the business have remote working capabilities and for many this is a normal operating procedure. In addition, the Group's new operating structure has fostered teams with interchangeable skills across the product offerings and technology stacks which, along with remote working, provides a more flexible staffing model better equipped to deal with illness and absence. The Group's IT infrastructure is hosted on resilient platforms using large corporate providers ideally suited to providing uninterrupted service.

The Group's customer base is reasonably diverse including trade and academic publishers who are not deemed to be at high risk at the present time. The Group also considers over 80% of its revenue to be recurring in nature with many customers on multiyear contracts. The Ingenta systems are central to the operations of its customer base and not deemed to be a discretionary spend although some project work may be impacted as customers wait to see what the implications of COVID-19 hold for them. The key concern identified by management is the inevitable delay in new sales as major investment decisions are put off. However, the Group has modelled various potential future scenarios including delayed cash receipts and restrictions in new sales activity and predict the business will continue to operate profitably with sufficient working capital headroom. Also, a significant amount of the Group's renewals and cash are received in the first quarter of each year and at 31 March 2021 cash balances remained over £2m.

Sales risk

The major risks for future trading are converting sales of Ingenta Edify and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash). Most of the business costs are fixed in the medium-term, being people and premises costs, and therefore there is a risk to Group profitability when budgeted revenue is not delivered as cost reductions will lag behind revenue reductions. Management undertakes detailed monthly revenue forecasting and assesses risk on an ongoing basis. Customer procurement processes remain difficult to predict, and any delays during contract negotiation will impact on the timing of project commencement and the level of revenue that can be recognised in the year. This is considered a principal risk for the business.

Project risk

There are two principal project risks: risk of fixed priced projects running over and the risk on all projects where there is development required that we are unable to deliver to the specification agreed.

Fixed price project risk relates to the accuracy of project estimates and the time it will take to complete the tasks as specified in the customer contract. Management mitigate this risk by hiring the best staff who are able to estimate projects accurately and by building in a contingency to fixed priced contracts. Management also closely monitor contracts to ensure all work performed is in accordance with the agreement and any new requests are separately contracted for. Management further mitigate the risk by taking on new projects on a time and materials basis wherever possible.

Projects requiring bespoke development also carry the risk that the development will not be able to be delivered in the way envisaged at the time of contract. Management take care to fully scope these development projects and use developers who understand the products and the complexities of building bespoke elements. This is considered a principal risk for the business.

IT risk

Internal IT services are deployed onto fault tolerant platforms and spread over multiple locations including the Group's offices, co-location facilities, Infrastructure as a Service (IAAS) and Office365. Regular backups and securing of data offer multiple restore points in the event of a critical failure outside of the scope of the in-built resilience. E-mail is a cloud-based deployment that staff can access from any working PC/smart phone. Staff have access to cloud-based storage (OneDrive) in addition to co-location deployed file servers where data cannot be stored in e-mail. Key staff have mobile phones and access to resilient telephony services for the purposes of contacting each other and customers. Through Remote Working staff can access their data and customer sites in the event that it was not possible to gain access to our offices.

Customer facing services are monitored for both stability and performance, wherever possible proactive maintenance is undertaken to avoid performance problems and/or downtime. All customer deployments are done to fault tolerant hardware either in one of our co-location facilities or to a cloud-based service, both offering high levels of resiliency and multiple, redundant access.

The Group's business continuity plan is available from multiple locations and is regularly updated to cover new services and deployments.

FX risk

The risk associated with generating revenue and suffering costs in a currency other than sterling is mitigated naturally within Ingenta plc as revenues and associated costs are generally denominated in the same currency. Overall the Group is a net generator of USD.

HR risk

In a company with a high proportion of people-based revenue there is a risk of key staff leaving or being absent through sickness. This is mitigated by having appropriate notice periods built into employee contracts and ensuring there is adequate coverage for all staff roles with no individual solely responsible for significant revenue generation. The new product agnostic operational structure has also accelerated knowledge sharing within groups.

Brexit

Management continue to monitor the UK's exit from the EU and its implications for the business. It is not anticipated the UK's exit from the EU will affect software sales and the majority of its revenue is within the UK and US markets. At present, the main risks identified are currency fluctuations which have been reviewed above.

On behalf of the Board.

G S Winner
Chief Executive Officer
28 May 2021

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors

The Directors of the Company who held office during the year were:

Executive Directors:

G S Winner, Chief Executive Officer

J R Sheffield, Chief Financial Officer

Non-Executive Directors:

M C Rose, Chairman

M A Rowse

N W Kirton

B H Holmström

M M E Royde (resigned 1 April 2020)

S J G White (appointed 1 April 2020)

The interests of Directors in the shares of the Company at 31 December 2020 are disclosed in the Directors' remuneration report.

Corporate governance

Details of corporate governance for the year to 31 December 2020 are disclosed in the corporate governance statement. The Directors of the company pay particular attention to maintain good working relationships with the Group's shareholders, customers, employees and suppliers. Further details are included on the Company website. The main effort in the year has been embedding the new Group structure which has the benefit of removing risk from the business ensuring a stable foundation is in place for the benefit of all stakeholders.

Research and development activities

The Group carries out research and development activities in connection with administration systems, web delivery, access control and linking technologies. All costs relating to these activities are charged to profit and loss within the Group Statement of Comprehensive Income as incurred. The charge to the Group Statement of Comprehensive Income was £1.4m (2019: £1.4m) in the year to 31 December 2020.

Substantial shareholdings

As at 4 January 2021, the Company had been notified of the following shareholders who are interested, directly or indirectly, in three percent or more of the issued share capital of the Company:

Name	Number of ordinary 10p shares	Percentage of issued ordinary share capital
M C Rose	4,645,412	27.70%
Kestrel Partners LLP	4,636,754	27.64%
Miton Group plc	1,224,590	7.30%
Criseren Investments Limited	827,785	4.94%
Canaccord Genuity Wealth Management	1,543,207	9.20%
Emslie Family	679,250	4.05%

Financial risk management

Details of the Group's financial risks are given in note 26.

Employment policy

Group employees are regularly consulted by Management and kept informed of matters affecting them and the overall development of the Group. The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged.

Directors' and officers' liability insurance

The Group, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Future developments

The business is looking to leverage its expertise in rights and royalty's management into other adjacent vertical markets. The Group's first venture is into the music industry with its Conchord product. If this proves successful, then other verticals will also be explored.

Going concern

The Directors have prepared the financial statements on the going concern basis. In assessing whether this assumption is appropriate, management have taken into account all relevant available information about the future including a revenue, profit and cash forecast, and management's ability to affect costs and revenues. Management regularly forecast profit, financial position and cash flows for the Group and a rolling forecast is updated monthly. Revenue is forecast in detail with all revenue contracts individually listed and ranked by probability from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years in light of known changes and have concluded that forecast costs are robust. Further details on going concern are included within note 1 to the accounts (principal accounting policies).

Auditor

Grant Thornton UK LLP, offer themselves for re-appointment as auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board.

G S Winner
Director
28 May 2021

Corporate governance statement

The Board of Ingenta plc have adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code).

It is the Board's responsibility to ensure that the Ingenta Group is managed in the long-term interests of all shareholders and stakeholders in the business. The Board believes a strong and effective corporate governance culture is critical in this respect as we endeavour to grow a resilient and sustainable business for the benefit of our shareholders, customers, people and suppliers.

The QCA code is constructed around 10 broad principles which are detailed in full on the Company's website.

Strategy and business model

Ingenta seeks to solve the unique problems faced by information providers. We tailor our suite of industry-specific technology products to create robust solutions to manage our customers' IP, content and advertising requirements.

Our business model is to deliver profitable services enabling us to invest in the development of software solutions that help our customers manage and monetise their content. We generate revenue via professional service fees for implementing our solutions, providing ongoing licence, hosting and support services plus a range of ancillary consulting services. We then reinvest some of these profits into our products and the development of next generation solutions to ensure we have the required product capabilities to deliver revenue and profit into the future.

The Group strategic report provides further information on the results of the business.

Risk management

The Board of Directors acknowledges its responsibility for the Group's system of risk management and internal control, including suitable monitoring procedures. There are inherent limitations in any system of risk management and internal control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The Group's control environment is the responsibility of the Group's Directors and managers at all levels.

The Directors and management have considered the risks facing the business with the key items discussed in the Group strategic report section of the financial statements. These are assessed on an ongoing basis. Other risks which come under the direct control of the Directors include treasury management, capital expenditure, insurance, health and safety and regulatory compliance. Risk assessment includes the review of potential mitigations.

The Company has an established framework of internal controls covering the following areas:

- The Board reviews and approves company strategy and the associated annual budgets.
- Monthly management information packs are produced which report performance to the Board and management team. These include income statements, balance sheets and cash flows. Actual results are reported against budget, latest forecast and prior year with an updated forecast for the expected full year outcome.
- Any new business goes through a deal review meeting to determine expected profitability and identify any risks and how they can be mitigated in the contract. New contracts must be signed by a member of the Board and where material they are reviewed by the Companies advisors.
- A Company-wide timesheet system is in place to enable management to effectively monitor projects, both internal and external, and report on profitability throughout the duration of the work.
- A clear organisational structure with defined levels of authority and approval.
- Close supervision of the daily operations by the Executive Directors and management team.
- Central control over banking facilities with defined authority limits.
- The Audit Committee reviews the independent audit findings report each year to ensure compliance with financial reporting regulations and that its internal control procedures are being adhered to and remain effective.

The Group continues to review its internal controls and will be including further key performance indicators into the monthly reporting cycle to assist management and the Board in understanding the performance of the business. The Board considered the usefulness of appointing a dedicated legal counsel and internal audit function but decided in view of the size of the Group it was not effective to do so. This will be kept under review.

Further detail on the key risks faced by the business are set out in the Group strategic report.

Management framework

Ultimate responsibility for corporate governance lies with the Chairman of the Board. At present the Board comprises the Non-Executive Chairman, four Non-Executive Directors and two Executive directors. N W Kirton and B H Holmstrom are deemed to be independent Board members.

The Board is satisfied that it has the right mix of skills covering finance, investor relations, technology and industry experience to enable it to discharge its duties and responsibilities effectively and is supported by an Audit and a Remuneration Committee which meet separately through the year. Any conflicts of interest at Board level are reviewed regularly through the year and disclosed at the Board meeting as appropriate.

There are normally eleven Board meetings scheduled as standard through the year with further meetings set up as required. In the year to 31 December 2020 there were 11 Board meetings held with attendance records below:

Name	Attendance
G S Winner	11 out of 11
J R Sheffield	11 out of 11
M C Rose	11 out of 11
M A Rowse	10 out of 11
N W Kirton	10 out of 11
M M E Royde	0 out of 3
B H Holmström	11 out of 11
S J G White	8 out of 8

Each month the Board is supplied with a comprehensive management information pack covering financial performance for the month and forecast for the full year. The management team also provide an in-depth commentary on the divisional operations of the business to ensure the Board is kept abreast of the latest developments.

Board of Directors

Between them, the Board members provide skills in finance and reporting, public markets, investor relations, technology and the publishing industry. These skills are kept up to date via training courses and current on the job experience. The Company's Nomad strengthens the Board's professional development by providing guidance and updates on corporate governance and regulatory matters as required.

The Board composition is under regular review and has widened over recent years to include specialists in public markets and technology where the Board felt there was a need for additional expertise. All Directors can take independent professional advice in order that they can effectively carry out their duties and have access to the services of the Company secretary as required.

Each board member's biography is available on the Company's website and on page three of the financial statements and detail their skills, experience and capabilities.

The Company secretary is responsible for guiding the Chairman and Board on their responsibilities and how those responsibilities should be discharged. This includes ensuring good information flows within the Board and its committees and also between senior management. Other responsibilities include shareholder relations, administration of the Company's records and ensuring compliance with legal and statutory requirements.

Board performance

The Chairman continually monitors performance of the Board at the regular board meetings. The Executive Director roles of Chief Executive Officer and Chief Financial Officer are clearly defined with performance targets relating to Revenue, EBITDA, Earnings per share and cash balances set each year. The Company's auditors provide an annual finding report which is used as a tool to identify any areas of improvement for the Board, and these are reviewed and acted upon as appropriate. Where further training requirements have been identified, the Company then ensures that these are carried out.

In terms of succession planning, the Board are encouraged to maintain dialogue regarding individual member's future plans to enable the Company to complete an orderly transition. The succession process involves a thorough review of potential internal and external candidates to ensure the best person is selected. While no formal nomination committee has been established, board and other senior management appointments are regularly considered at a board level.

Corporate culture

The Board and senior management expect everyone in the company to act in a responsible and ethical manner because the reputation of the business is key to our success. The company does not let cost concerns override its ethics and behaviour. For example, we only contract with offshore resourcing entities who commit to fair working practices. The Company is committed to minimising negative environmental impact in terms of energy usage at our offices, digitising our content and using responsible methods to dispose of electrical equipment.

The Company and staff are also active in the local community supporting charities and sponsoring good causes. Feedback from all stakeholders, as described in further detail on the Company's website, allow the Board to monitor the Company's culture, as well as the ethical values and behaviours within the business.

Remuneration Committee

The Remuneration Committee is composed of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It is responsible for the terms, conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Audit Committee

The Audit Committee is comprised of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the Non-Executive Directors.

The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and non-audit related services provided and measures applicable fees with similar auditors. The Group only use the auditing firm for compliance and corporation tax related work when fees are competitive. Any significant project work would be awarded to an independent firm of accountants.

Relations with shareholders

The Group gives high priority to its communication with shareholders. This is achieved through the Group's website, correspondence and extensive corporate information. In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports online, from the Group's head office or via the Financial Times Annual Report Service. At the AGM the shareholders are given the opportunity to question members of the Board. The notice of the AGM is sent to shareholders at least 21 business days before the meeting.

Statement of Directors' responsibilities

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

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

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

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

The directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

On behalf of the Board.

M C Rose
Chairman of the Audit Committee
28 May 2021

Directors' remuneration report

The AIM Rules for Companies require the disclosure of certain information regarding the remuneration earned by each director. The Remuneration Committee comprises M C Rose (Chairman), M A Rowse and N W Kirton who are Non-Executive Directors. The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management. The Remuneration Committee meets regularly in order to consider and set the annual remuneration for the Executive Directors, having regard to personal performance and industry remuneration rates.

In determining that policy, it considers a number of factors including:

- the basic salaries and benefits available to Executive Directors of comparable companies,
- the need to attract and retain Directors of an appropriate calibre, and
- the need to ensure Directors' commitment to the success of the Group.

Non-Executive Directors are appointed on a contract with a three-month notice period and may be awarded fees in relation to the Board and committee meetings attended. Any fee awards to Non-Executive Directors are determined by the Board. Non-Executive Directors do not participate in the Company's share option scheme and do not receive the benefit of pension contributions.

The Group made contributions to externally administered defined contribution pension schemes for two Executive Directors.

The interests of the Directors at 31 December 2020 in the shares of the Company were as follows:

Name	Number of ordinary shares of 10p in Ingenta plc 31 December 2020	Number of ordinary shares of 10p in Ingenta plc 31 December 2019
M C Rose	4,645,412	4,645,412
M A Rowse	440,277	440,277
N W Kirton	44,250	44,250
S J G White	4,636,754	4,601,754
G S Winner	22,000	22,000
J R Sheffield	13,872	13,872

S J G White is a partner of Kestrel Partners LLP (appointed 1 April 2020)

Directors' interests

The Directors at 31 December 2020 had an interest in 648,912 options over the ordinary shares. The Directors had no post-employment benefits, other long-term benefits, termination benefits or share-based payments in the year.

The market price of the Company's shares at the end of the year was 86.0p and the price ranged in the year between 40.5p and 87.5p.

Directors' remuneration

Name	Salary and fees £'000	Benefits £'000	Sums paid to a third-party for Directors' services	Pension contribution £'000	Total remuneration £'000	Group National Insurance costs £'000	2020 Total cost of employment £'000	2019 Total remuneration £'000	2019 Total cost of employment £'000
G S Winner	200	12	0	4	216	12	228	215	226
J R Sheffield	120	0	0	36	156	15	171	143	159
M C Rose	36	0	48	0	84	4	88	84	88
M A Rowse	0	0	30	0	30	0	30	30	30
N W Kirton	30	0	0	0	30	3	33	30	33
M M E Royde	0	0	8	0	8	0	8	30	30
B H Holmström	0	0	30	0	30	0	30	30	30
S J G White	0	0	22	0	22	0	22	-	-
	386	12	138	40	576	34	610	562	586

M M E Royde resigned 1 April 2020. S J G White appointed 1 April 2020.

On behalf of the Remuneration Committee.

M C Rose
Chairman
28 May 2021

Independent auditor's report to the members of Ingenta plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Ingenta PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Group statement of changes in equity, the Group statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and our results arising with respect to that evaluation is included in the key audit matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Grant Thornton

Overview of our audit approach

Overall materiality:

Group: £155,000, which represents 1.5% of the group's revenue.
Parent company: £84,000, which represents 1% of the parent company's net assets.

Key audit matters were identified as:

- Revenue recognition, same as previous year;
- Impairment of intangible assets, same as previous year;
- Impairment of investments, same as previous year; and
- Going concern assumption (new this year).

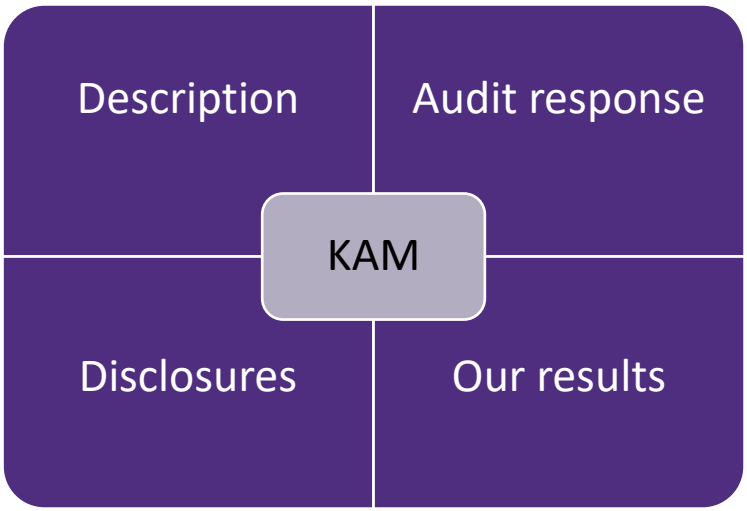
Our auditor's report for the year ended 31 December 2019 did not include any key audit matters that have not been reported as key audit matters in our current year's report.

We performed an audit full scope audit of the financial information of the parent company, Ingenta plc, and of the financial information of Ingenta (UK) Limited, Vista International Limited, and Vista North America Holdings Limited using component materiality ("full scope audit").

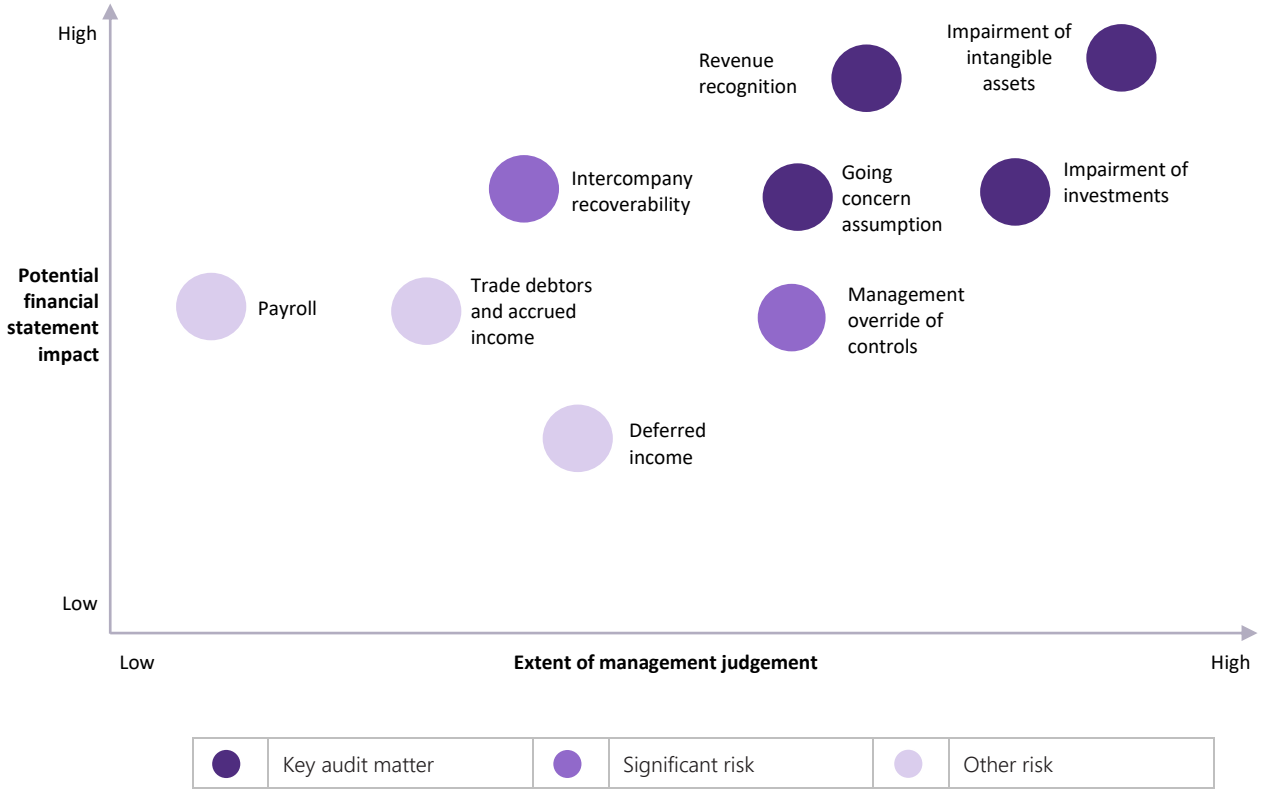
We performed an audit of one or more account balances on the financial information of Ingenta Inc and PCG Inc ("specific scope procedures").

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter - Group

Revenue recognition

We have identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud.

Group revenue of £10,177,000 has been recognised in the year ended 31 December 2020, arising substantially from the sales of services.

Revenue is the most significant item in the Group statement of comprehensive income and impacts several key performance indicators, and key strategic indicators, as set out in the Chief Executive's Statement and Strategic Report on page 12.

The application of IFRS 15 is an area requiring significant judgement by management. In particular, there is an elevated risk of material misstatement due to fraud in contracts which are invoiced in advance of the work being performed, where management are required to determine the level of accrued or deferred income to be recognised at the year end (Hosting, Managed Services and Support and upgrade). As a result, there is an element of judgement in determining the amount of revenue to be recognised in each reporting period. There is a risk that revenue could be misstated if the timing of revenue recognition is not appropriate and in line with the contract.

Relevant disclosures in the Annual Report and Accounts 2020

- Financial statements: Note 2, Revenue

How the matter was addressed in the audit - Group

In responding to the key audit matter, we performed the following audit procedures:

- Assessed whether the accounting policies adopted by the directors are in accordance with the requirements of IFRS 15, and whether management accounted for revenue in accordance with the accounting policies;
- Understood the design of processes and controls through which the business initiates, records and recognises revenue transactions;
- Utilised audit software to perform audit data analytics over the managed services, hosting, maintenance and time-based revenue streams for the year to identify unusual transactions. All unusual revenue transactions were inspected for appropriateness and assessed against supporting documentation;
- For contract based revenue (Hosting, Managed services and Support and upgrade), we tested a sample of individual revenue items during the year, by:
  - Agreeing the selected items to underlying contractual agreements, the related remittance advice or cash received, and communications between the project manager and customer to support delivery of the service; and
  - Recalculating any accrued or deferred income, assessing the reasonableness of management's judgement for timing of revenue raised against evidence of the performance, and services contracted.

Our results

Based on our audit work, we did not identify any material misstatement in revenue recognition. Revenue was recognised in accordance with the group's accounting policy and IFRS 15 'Revenue from Contracts with Customers.

Key Audit Matter - Group

Impairment of Intangible Assets

We identified the goodwill and intangible assets impairment review as a significant risk, which was one of the most significant assessed risks of material misstatement due to error.

Management are required to make an annual assessment to determine whether the Group's goodwill and intangible assets, which are valued at £2,719,000 in the Group statement of financial position, are impaired.

The process for assessing whether impairments exist under International Accounting Standards, IAS 36 'Impairment of assets' is complex. The process of determining the value in use, through forecasting cash flows related to cash generating units (CGU's) and the determination of the appropriate discount rate and other assumptions to be applied can be highly judgmental and can significantly impact the result of the impairment review.

How the matter was addressed in the audit - Group

In responding to the key audit matter, we performed the following audit procedures:

- Understood the design of the group's process and key controls around the carrying value of goodwill. In particular, those assessing the selection of key assumptions within the impairment assessment;
- Obtained management's assessment of the relevant CGU's used in the impairment calculation (covering a five-year period) and ensured that assessment reflected our understanding of the business units and operating structure of the group with consideration of the appropriateness of the forecast revenue, growth rates and the discount factor used;
- Challenged management's assumptions and checking the arithmetical accuracy of management's impairment model;
- Performed sensitivity analysis to assess the impact of different assumptions utilised in the impairment models, including the key assumptions of revenue growth rates and discount rates;
- Assessed the accuracy of management's historic forecasting through a comparison of prior year impairment reviews to actual results; and
- Read the detailed disclosure to ensure information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review.

Key Audit Matter - Group	How the matter was addressed in the audit - Group
Relevant disclosures in the Annual Report and Accounts 2020 • Financial statements: Note 10, Intangible assets	Our results Based on our audit work, we did not identify any material misstatement in the impairment review. Management's impairment review was carried out in accordance with IAS 36.
Going concern assumption We identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud and error as a result of the judgment required to conclude whether there is a material uncertainty related to going concern. Due to the ongoing impact of the uncertainty Covid-19 pandemic, the Group may not be able to continue as a going concern. The existence of the pandemic creates significant estimation uncertainty when forecasting and therefore errors may occur. The directors have concluded, based on the various scenarios developed, that the Group has sufficient resources available to meet its liabilities as they fall due and have concluded that there are no material uncertainties that cast significant doubt over the entity's ability to continue as a going concern.	In responding to the key audit matter, we performed the following audit procedures: • Obtaining management's forecasts covering the period to the end of June 2022, assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions; • Assessed the mathematical accuracy of the models provided; • Assessing management's cash position at the year end and throughout the forecast period; • Evaluated the Board approved stress test forecast to June 2022 which support the use of the going concern basis of preparation and challenged the key assumptions made by management in preparing the stress test forecast; • Assessed the accuracy of managements past forecasting by comparing prior year forecast figures to the current year actual results; • Compared post year-end management accounts against the base line and stress test forecast prepared by management to assess the accuracy of the forecast prepared; • Performed sensitivity analysis of their stress test forecast and assessed if this appropriately considers reasonably possible adverse movements, • Corroborated key assumptions, such as on-going contracted income, expected timings of payments from customers and forecast outlay of expenditure, challenging management where necessary; • Evaluated significant events that occurred post balance sheet date and challenged management as to whether these have been correctly reflected in the forecasts prepared, focussing on the timing of payments from customers post year end; and • Assessing the adequacy of the going concern disclosures included within the annual report & financial statements.
Relevant disclosures in the Annual Report and Accounts 2020 • Financial statements: Note 1, Going concern • Directors' report: Going concern	Our results We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Key Audit Matter - Parent	How the matter was addressed in the audit - Parent
Impairment of investment We identified the impairment of investments as a significant risk, which was one of the most significant assessed risks of material misstatement due to error. Investments in subsidiaries are carried at cost less necessary impairments and valued on an individual basis. The investments in subsidiaries are included within the company only balance sheet of Ingenta Plc and recorded at £3,296,000. Management assesses whether there are any losses in the carrying value of the investments in subsidiaries. The determination of whether an investment in subsidiary needs to be impaired includes assumptions about the profitability of the underlying business and growth, which involves management's judgment.	**In responding to the key audit matter, we performed the following audit procedures:** • Understood the design of the parent company's process and key controls around the carrying value of investments. In particular, those assessing the selection of key assumptions within the impairment assessment; • Obtained management's assessment of the relevant CGU's used in the impairment calculation (covering a five-year period) and ensured that assessment reflected our understanding of the business units and operating structure of the group with consideration of the appropriateness of the forecast revenue, growth rates and the discount factor used; • Challenged management's assumptions and checking the arithmetical accuracy of management's impairment model; • Performed sensitivity analysis to assess the impact of different assumptions utilised in the impairment models, including the key assumptions of revenue growth rates and discount rates; • Assessed the accuracy of management's historic forecasting through a comparison of prior year impairment reviews to actual results; and • Read the detailed disclosure to ensure information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review.
Relevant disclosures in the Annual Report and Accounts 2020 • Financial statements: Note 4, Investments	**Our results** Based on our audit work, we did not identify any material misstatement in the impairment review. Management's impairment review was carried out in accordance with IAS 36.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

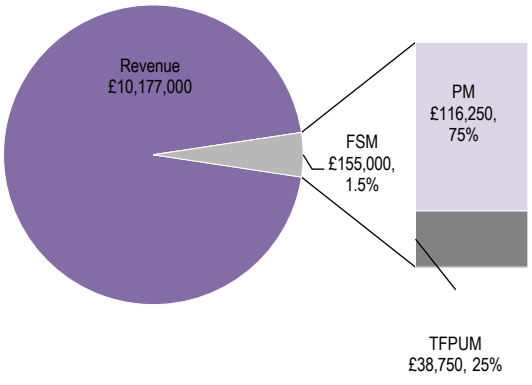
Materiality was determined as follows::

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£155,000 which is 1.5% of group's revenue	£84,000 which is 1% of the group's net assets.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: Revenue is considered to be the most appropriate benchmark with revenue being a key performance metric for the Group. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 due to lower revenues being recognised in 2020.	In determining materiality, we made the following significant judgements: Net assets is considered to be the most appropriate benchmark as Ingenta plc is a holding company with intention of realising its assets through underlying performance of investments held. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 as a result of the impact of the component materiality restriction applied in the current year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£116,250 which is 75% of financial statement materiality.	£63,000 which is 75% of financial statement materiality.

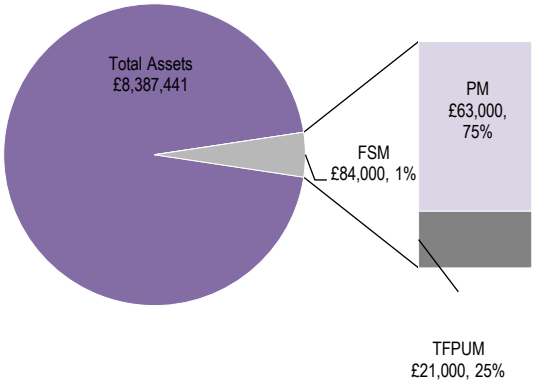
Materiality measure	Group	Parent company
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements • Our prior year experience with auditing the financial statements; • Few adjustments being identified in prior years; and • The number of components within the Group and the extent of audit procedures planned and performed in respect of these components.	In determining materiality, we made the following significant judgements • Our prior year experience with auditing the financial statements; and • • Few adjustments being identified in prior years.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£7,750 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- We obtained an understanding of the group and its environment. The group's accounting process is primarily resourced through a central function within the UK, with local finance functions in the United States of America. Each local finance function reports into the central Group finance function based at the Group's head office in the UK.

Identifying significant components

- We identified and evaluated the components to assess their significance and to determine the planned audit response based on a measure of materiality. We determined significance as a percentage of the Group's total assets, revenues and profit before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- A full scope audit of the financial statements of the Ingenta plc ("parent" company) and Ingenta UK Limited;
- Specific scope procedures, most significantly in respect of revenue, for group purposes for Ingenta Inc and PCG Inc for the purpose of forming a group opinion;
- At the Group level we also tested the consolidation process and carried out analytical procedures on the financial information of Vista International Limited, and Vista North America Holdings Limited to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of those remaining components;

Performance of our audit

100% of the Group's revenue, gross assets and profit were included in the scope of our full scope and specific-scope audit procedures based on the above strategy, which is consistent with the prior year.

Other information

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

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks (IFRS, the Companies Act 2006 and the QCA Corporate Governance Code) and AIM rules. In addition, we concluded that there are certain significant laws and regulations, such as Employment Law that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters;
- We understood how Ingenta Plc is complying with those legal and regulatory frameworks by making enquiries of management and the company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies; and
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment. We considered the risk of fraud to be highest through the potential for management override of controls.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, those posted directly to cash and subledger control accounts, and those impacting areas of estimation uncertainty;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the applicable statutory provisions.

We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates;
- understanding of the legal and regulatory requirements specific to the entity including:
  - the provisions of the applicable legislation;
  - the applicable statutory provisions.

Use of our report

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.

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
28 May 2021

Group statement of comprehensive income

	note	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Group revenue	2	10,177	10,920
Cost of sales		(5,741)	(6,184)
Gross profit		4,436	4,736
Sales and marketing expenses		(671)	(819)
Administrative expenses		(3,479)	(3,502)
Impairment of intangibles and investments		-	(1,663)
Profit / (Loss) from operations	5	286	(1,248)
Finance costs	7	(22)	(18)
Profit / (Loss) before income tax		264	(1,266)
Income tax	8	7	(83)
Profit / (Loss) for the year attributable to equity holders of the parent		271	(1,349)
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		41	(4)
Total comprehensive profit / (loss) for the year attributable to equity holders of the parent		312	(1,353)
Basic Gain / (Loss) per share (pence)	9	1.61	(7.98)
Diluted Gain / (Loss) per share (pence)	9	1.55	(7.98)

All activities are classified as continuing.

The accompanying notes form part of these financial statements.

Group statement of financial position

	note	31 Dec 20 £'000	31 Dec 19 £'000	1 Jan 19 £'000
Non-current assets				
Goodwill	10	2,661	2,661	4,324
Other intangible assets	11	58	158	258
Property, plant and equipment	12	1,119	473	583
		3,838	3,292	5,165
Current assets				
Trade and other receivables	13	2,226	3,219	4,627
Investments classified as held for sale	3,14	-	-	-
Research and Development tax credit receivable	8	-	-	336
Cash and cash equivalents	15	2,323	2,600	1,323
		4,549	5,819	6,286
Total assets		8,387	9,111	11,451
Equity				
Share capital	21	1,692	1,692	1,692
Share Premium		-	-	-
Merger reserve		11,055	11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)	(5,228)
Share option reserve		61	23	16
Translation reserve		(839)	(880)	(876)
Retained earnings		(3,175)	(3,131)	(1,477)
Total equity		3,566	3,531	5,182
Non-current liabilities				
Deferred tax liability	19	12	32	52
Leases	20	430	206	355
		442	238	407
Current liabilities				
Trade and other payables	16	2,061	2,459	2,757
Deferred income		2,318	2,883	3,105
		4,379	5,342	5,862
Total liabilities		4,821	5,580	6,269
Total equity and liabilities		8,387	9,111	11,451

The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2021 and were signed on its behalf by:

J R Sheffield
Director

G S Winner
Director

Registered number: 00837205
The accompanying notes form part of these financial statements.

Group statement of changes in equity

For the year ended 31 December 2020

	Share capital £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Share option reserve £'000	Total attributable to owners of parent £'000
Balance at 1 January 2020	1,692	11,055	(5,228)	(880)	(3,131)	23	3,531
Dividends paid	-	-	-	-	(252)	-	(252)
Shares bought back into treasury	-	-	-	-	(63)	-	(63)
Share options granted in the year	-	-	-	-	-	38	38
Transactions with owners	-	-	-	-	(315)	38	(277)
Profit for the year	-	-	-	-	271	-	271
Foreign exchange differences on translation foreign operations	-	-	-	41	-	-	41
Total comprehensive income for the year	-	-	-	41	271	-	312
Balance at 31 December 2020	1,692	11,055	(5,228)	(839)	(3,175)	61	3,566

For the year ended 31 December 2019

	Share capital £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Share option reserve £'000	Total attributable to owners of parent £'000
Balance at 1 January 2019	1,692	11,055	(5,228)	(876)	(1,477)	16	5,182
Dividends paid	-	-	-	-	(254)	-	(254)
Shares bought back into treasury	-	-	-	-	(51)	-	(51)
Share options lapsed in the year	-	-	-	-	-	7	7
Transactions with owners	-	-	-	-	(305)	7	(298)
Loss for the year	-	-	-	-	(1,349)	-	(1,349)
Foreign exchange differences on translation foreign operations	-	-	-	(4)	-	-	(4)
Total comprehensive expense for the year	-	-	-	(4)	(1,349)	-	(1,353)
Balance at 31 December 2019	1,692	11,055	(5,228)	(880)	(3,131)	23	3,531

Group statement of cash flows

	note	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit / (Loss) before taxation		264	(1,266)
Adjustments for			
Impairment of intangibles		-	1,663
Depreciation		439	372
Loss / (profit) on disposal of fixed assets		(2)	2
Interest expense		22	18
Unrealised foreign exchange differences		41	(4)
Decrease in trade and other receivables		993	1,408
Decrease in trade and other payables and deferred income		(953)	(499)
Cash inflow from operations		804	1,694
Research and Development tax credit received		-	282
Tax paid		(13)	(49)
Net cash inflow from operating activities		791	1,927
Cash flow from investing activities			
Purchase of property, plant and equipment		(200)	(132)
Net cash used in investing activities		(200)	(132)
Cash flows from financing activities			
Interest paid		(5)	(4)
Payment of lease liabilities		(550)	(213)
Dividend paid		(252)	(254)
Costs of buy back of shares into treasury		(63)	(51)
Net cash used in financing activities		(870)	(522)
Net (decrease) / increase in cash and cash equivalents		(279)	1,273
Cash and cash equivalents at the beginning of the year	15	2,600	1,323
Exchange difference on cash and cash equivalents		2	4
Cash and cash equivalents at the end of the year	15, 23	2,323	2,600

The accompanying notes form part of these financial statements.

Notes to the Group financial statements

For the year ended 31 December 2020

General information and nature of operations

Ingenta plc (the 'Company') and its subsidiaries (together the 'Group') is a provider of content management, advertising and Commercial enterprise solutions and services to publishers, information providers, academic libraries and institutions. The nature of the Group's operations and its principal activities are set out in the Chairman's statement and Group Strategic report.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The Company's registration number is 00837205 and its registered office is 8100 Alec Issigonis Way, Oxford, OX4 2HU. The consolidated financial statements were authorised by the Board of Directors for issue on 28 May 2021.

1. Principal accounting policies

New Standards adopted as at 1 January 2020

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including revenue, profit and cash forecast and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast to the end of June 2022, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to forecast. As part of the review, management stress tested the forecast model for a variety of potential scenarios including another surge in Covid and impacts it may have on new sales activity and customer payment cycles. Management believes these risks can be managed and do not impact on the going concern assessment.

Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust.

As at 31 December 2020 the Group had net current assets of £0.2m (2019: £0.5m), of which £2.3m (2019: £2.9m) relates to deferred income which will be recognised in the year ending 31 December 2021.

The Group has positive cash balances of £2.3m as at 31 December 2020 (2019: £2.6m). The Group held linked accounts with HSBC Bank plc such that any facility was based on the net balance of all accounts taken together. Management have assured themselves that cash is sufficient for the needs of the business based on the cash flow forecast.

The major risks for future trading are the uptake of new generation products Ingenta Edify and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash), which to some extent is reliant on the macro-economy and the willingness of data providers to commit to capital expenditure projects.

The COVID-19 outbreak continues to add some uncertainty to financial forecasting and modelling. However, at an operating profit level, the Group's results for the first quarter of 2021 have been in line with budget. New sales activity remains subdued with the timing of any uplift difficult to predict. The Group continues to embrace established remote working practices without any significant impact to services. Any ongoing implementations and professional services can also be delivered remotely by Ingenta personnel. The internal business infrastructure is contracted with large multinational corporations and remains resilient. The Group have modelled various downside scenarios and consider it appropriate to use the going concern basis to compile these financial statements.

Basis of preparation

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

The accounting policies applied have been applied consistently throughout the Ingenta Group. The financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards ("IASs") in conformity with the requirements of the Companies Act 2006, the International Financial Reporting Interpretations Committee ("IFRIC"), interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and adopted as at the time of preparing these financial statements, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under IFRSs.

Significant management judgements in applying accounting policies

The following are the significant management judgements used in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Consulting service revenue

Please refer to the Revenue section of the accounting policies note for detailed disclosure. The area where significant management judgement is applied is in estimating project percentage complete assessments for any fixed price elements of work.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Research and development expenditure

Research and development expenditure is fully written off to the Group Statement of Comprehensive Income as costs are incurred. The Board have taken into account the inherent risks in all research and development expenditure and specifically the expenditure being incurred by the business in the year and have concluded that the requirements of IAS 38 to capitalise development expenditure have not been met.

Estimation uncertainty

When preparing the financial statements management make a number of estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed on the following pages.

Impairment

An impairment loss is recognised for the amount by which an asset's, or cash generating unit's, carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset, or cash-generating unit, and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-

specific risk factors. See note 10 for details of the review.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 December 2020. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The acquisition cost is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer and excludes any transaction costs. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Investments in Joint Ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the Joint Venture is not recognised separately and is included in the amount recognised as investment in Joint Ventures. The carrying amount of the investment in Joint Ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Share options

The Group operates an unapproved Executive Management Incentive (EMI) Share Option plan. £38K (2019: £7K) has been recognised during the year as an increase of the fair value of the options. Full details are in note 22.

Property, plant and equipment

Cost

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated using the straight - line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows:

Leasehold improvements	Over the term of the lease
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Disposal of assets

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss within the Group Statement of Comprehensive Income.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Technology based intellectual property

Intangible assets relating to the technology acquired from business combinations that qualify for separate recognition are recognised as intangible assets at their fair value. The assets are valued using a discounted cash flow model for the revenues they will generate over the next 5 years.

The asset is amortised on a straight-line basis over a 5 year period. Residual values and useful lives are reviewed at each reporting date. Amortisation is included within depreciation, amortisation and impairment of non-financial assets.

Impairment of intangibles and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related goodwill.

Goodwill, other individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described herein.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing

component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified as at amortised cost. In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Trade receivables

Trade receivables are recognised initially at transaction price in accordance with IFRS 15 and subsequently reviewed for expected credit losses in line with IFRS 9. In measuring the expected credit losses, the trade receivables have been assessed on an individual basis. Where trade receivables were found to be individually impaired an allowance for credit losses has been recorded within "sales and marketing" in the Group Statement of Comprehensive Income. This allowance has been determined by reference to expected receipts after considering historical experience, readily available external indicators and forward-looking information. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 6 months from the invoice date, failure to engage with the Group on alternative future payment arrangements and bankruptcy or administration of the customer are indicators of a potential expected credit loss. The Group has a stable customer base with strong relationships built up over time allowing it to make reasonable assessments of recoverability. Most trade receivables relate to customers ongoing ability to function and past experience indicates the balances are recoverable subject to any future information that becomes available. Where an expected credit loss is recognised it will be significantly influenced by additional forward-looking information such as industry discussion papers, repayment plan reasonableness and direct account management negotiation. When a trade receivable is uncollectible, it is written off against the credit loss provision. Subsequent recoveries of amounts previously provided for are credited against 'Sales and marketing expenses' in the Group Statement of Comprehensive Income.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date.

On initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. After initial recognition, financial assets are measured at fair value, without any deduction of transaction costs.

Gains and losses arising from changes in the fair value of a financial asset are recognised in other comprehensive income, except for impairment losses. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are reclassified from equity to profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Financial liabilities

The Group's financial liabilities include borrowing and trade and other payables.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised within profit or loss within the Group Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include bank overdrafts as they are repayable on demand and form an integral part of the Group's cash management. The Group's banking facility is all with one bank (HSBC Bank plc) and the accounts are linked such that any facility limit is based on the net balance of all accounts.

Equity

Share capital represents the nominal value of shares that have been issued.

The translation reserve within equity relates to foreign currency translation differences arising on the translation of the Group's foreign entities.

Retained earnings include all current and prior year retained profits and losses.

Reverse acquisition reserve and merger reserve represent balances arising on the acquisition of Ingenta plc in 2007. The IFRS 3 acquisition adjustment reflects the entries required under reverse acquisition accounting, whereby consolidated shareholders' funds comprise the capital structure of the legal parent combined with the reserves of the legal subsidiary and the post-acquisition reserves of the parent.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

Revenue

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

To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.
The Group often enters into transactions involving a range of the Group's products and services, for example for the delivery of licences, consulting services, hosting services, managed services and support and upgrade services.

These services and performance obligations are separately identifiable and contracted for allowing a reasonable allocation of price to each component.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Where certain products are sold as multi element arrangements, the Group evaluates the separability of the goods or services based on whether they are distinct. A good or service is distinct if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

Recognition of Ingenta Connect Revenue (within the Content products division):

Ingenta Connect revenues comprise 'Hosted services' and 'Consulting Services' revenue.

Hosted services:

Hosted services include annual fees for hosting publishers' content on the Ingenta Connect platform and revenues from document delivery under pay-per-view access, clearance and digitisation services.

Hosting revenue is recognised over time with reference to the contracted period. The performance obligation of hosting customers content on servers does not materially change over time and is recognised evenly over the contract period.

Pay per view revenue is recognised at a point in time when the documents are delivered to a customer. The performance obligation is to deliver content to an end user and facilitate a transfer of money for the purchase.

Consulting Services:

Consulting services includes revenues from the processing of e-journal content and ongoing services.

The consulting fees are based on a per article charge and are recognised at a point in time when the article is processed. The performance obligation is to convert a specified piece of content into a format suitable for ingestion onto the Ingenta Connect platform.

Recognition of Ingenta Commercial products, Ingenta Edify (within the Content products division), and Ingenta Advertising:

Revenues from these divisions comprise 'Licences', 'Consulting Services', Hosted Services', 'Managed Services' and 'Support and Upgrade' revenue.

Licences:

Licences can be sold as perpetual or under a software as a service (SaaS) agreement.

Perpetual software licence revenues are recognised at a point in time if there are no associated implementation requirements. This will only be the case where an existing customer purchases additional licences to increase the number of users on an existing installed software system.

Where perpetual software licences require consulting services to make the licences usable, the licence revenue is linked to the consulting services and is recognised over the period of the associated consulting services on a percentage complete basis. The software is deployed immediately onto the customer network and consulting services are used to perform integration work which enhances the software's functionality. The customer has benefit from the software over the implementation and gains increased benefit as the functionality extends. The percentage complete assessment is made by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end.

For SaaS licence arrangements, licences are deemed to be a right to access and revenue is recognised over time and taken in equal instalments over the period of the contract from the point the software is functional.

Consulting Services:

Revenue recognition from long term contracts within consulting services depends on the contractual terms.

Fixed price consulting contracts are recognised over time on the percentage of completion method. This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end. The performance obligation is to provide man time to deliver a specified level of functionality within the software. The customer has access to the software throughout the consulting phase and gets benefit from the consulting work as functionality is expanded over time.

Other consulting services contracts are on a time and materials basis and revenue is recognised over time as work is performed. The amount of revenue is calculated by the number of days worked at the contracted day rate. As under a fixed price contract, the customer has access to the software during the implementation phase and gets benefit from the consulting services as functionality is expanded over time.

Consulting services for a software implementation normally last for less than 12 months and payment terms are always in instalments during the period. As such, the Group does not adjust the receivable amounts for the effects of financing.

Hosted Services, Managed Services and Support and Upgrade:

Revenues collected or billed in advance for hosted services, managed services and support and upgrade revenue are recorded as deferred income and recognised evenly over the period to which the service relates. In all cases, the performance obligation is to provide a service evenly over a contracted period of time.

Recognition of PCG Revenues:

Ingenta's PCG division earns revenue from providing services to Publishers and Content providers. Some revenue is charged as a retainer for services provided throughout the period. These revenues are recognised over time as the performance obligation is to provide a dedicated sales representative over a contracted period.

Some revenues are earned on a commission basis associated with selling publishers' content. This revenue is recognised at a point in time when commission is earned which contractually is when PCG's publishing customer invoices the end user for the services sold by PCG. In some cases, PCG invoices the end user on behalf of the customer for the services sold by PCG and records PCG's commission when the invoice is issued as agreed in the contract. Where any sales representation and cash collection services are incorporated into the contract the work involved is minimal and does not affect recognition of commission.

Some further revenues are based on performing surveys for publishers. These revenues are based on a fixed number of calls at an agreed rate per call. Revenue is recognised at a point in time on a per call completed basis in the period the calls were made.

Employee benefits

Pension obligations

The Group operates various pension schemes which are by nature defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group does not operate a defined benefit plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share- based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Leased assets

The Group as a lessee

For any contracts entered into the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Operating expenses

Operating expenses are recognised within profit or loss within the Group Statement of Comprehensive Income upon utilisation of the service or at the date of their origin.

Finance costs

Financing costs comprise interest payable, the amortisation of the costs of acquiring finance and the unwinding of discounts that are recognised within profit or loss within the Group Statement of Comprehensive Income. Interest payable is recognised in the Group Statement of Comprehensive Income as it accrues, using the effective interest method.

Income taxes

The tax expense recognised within profit or loss within the Group Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and Joint Ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third-party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Foreign currency

The consolidated financial statements are presented in Sterling (GBP), which is also the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at an approximation of the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

IFRS 8 "Operating segments" requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes and reported in a manner which is more consistent with internal reporting provided to the chief operating decision-maker.

2. Revenue

An analysis of the Group's revenue is detailed below by activity across the Group's operating units:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Licences	240	244
Consulting Services	1,367	1,565
Hosted Services	3,702	3,234
Managed Services	2,317	2,269
Support and upgrade	2,170	2,234
PCG	381	1,374
	10,177	10,920

An analysis of the Group's revenue by business division is as follows:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Commercial product division	6,636	6,247
Content products division	2,337	2,442
PCG	382	1,374
Advertising	822	857
	10,177	10,920

A geographical analysis of the Group's revenue is as follows:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
UK	5,258	4,475
USA	3,705	5,206
Rest of the World	1,214	1,239
	10,177	10,920

Revenue is allocated to geographical locations based on the location of the customer. All business divisions are active in each of the geographic areas.

3. Joint Venture / Investment

The Group holds a 49% voting and equity interest in Beijing Ingenta Digital Publishing Technology Limited (BIDPT) which was purchased during the year to 31 December 2012.

BIDPT has a reporting date of 31 December. The shares are not publicly listed on a stock exchange and hence published price quotes are not available. Dividends are subject to the approval of at least 51% of all shareholders of BIDPT. The Group has received no dividends.

In the 2017 financial statements, the Group outlined it has been actively engaged in discussions to sell or dispose of its shareholding in the Chinese Joint Venture and had reclassified it as an asset held for sale. The Board does not believe a deal is imminent and in 2018 reclassified the Group's holding in the Joint Venture as an investment. Given the inherent uncertainty around valuing a Chinese non-listed, minority shareholding combined with flat earnings and an increasingly uncertain mechanism to repatriate funds, the Group fully impaired the investment. The Group's strategy going forward is to concentrate on its core product set and given the lack of control it exerts over the Joint Venture, it does not consolidate results into the Group.

4. Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 follows the management approach, which is the basis for decision making within the Group.

The Board consider the Group on a business division basis. Reports by business division are used by the chief decision-maker in the Group. Significant operating segments are: Ingenta Commercial products; Ingenta Content products; PCG and Ingenta Advertising. This split of business segments is based on the products and services each offer. The segmental analysis is under review given the business is changing its operating model away from a product siloed structure and is beginning to blend its offerings together making them less discrete.

Ingenta Commercial products are enterprise level publishing management systems. Ingenta Content products help content providers sell their content online. PCG provides consultancy services in sales and marketing to publishers. Ingenta Advertising provides a complete browser based multimedia advertising, CRM and sales management platform for content providers.

The reported operating segments derive their revenues from the revenue streams reported in the revenue analysis in note 2. A further discussion of revenue streams within each division is included on pages 4 to 10. All revenues are derived from trade with external parties.

Property, plant and equipment held in the UK totals £942K (2019: £177K) and the USA £55K (2019: £53K).

Two customers each contributed more than 10% of revenue (2019: two) and this amounted to £3,364K (2019: £2,935K). The Group's operations are located in the United Kingdom, North America, Brazil, Mexico, India, China and Australia. Any transactions between business divisions are on normal commercial terms and conditions.

Segment information by business unit is presented below.

Year to 31 December 2020	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
External sales	6,636	2,337	381	823	10,177
Segment result (adjusted EBITDA, see note 5)	847	322	-156	197	1,210
Depreciation	(296)	(104)	(2)	(37)	(439)
Unallocated corporate expense					2
Restructuring					(447)
Foreign exchange loss					(40)
Impairment of intangibles & investments					-
Operating loss					286
Finance costs					(22)
Loss before tax					264
Tax					7
Loss after tax					271

Other information	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
Statement of Financial Position					
Assets					
Attributable Goodwill and intangibles	-	2,661	-	58	2,719
Property, plant and equipment	669	307	4	139	1,119
Segment assets	2,687	1,232	70	560	4,549
Unallocated corporate assets					-
Consolidated total assets					8,387
Liabilities					
Segment liabilities	2,827	1,296	109	589	4,821
Unallocated corporate liabilities					-
Consolidated total liabilities					4,821
Total equity and liabilities					8,387

Year to 31 December 2019	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
External sales	6,247	2,442	1,374	857	10,920
Segment result (adjusted EBITDA, see note 5)	1,041	266	35	(3)	1,339
Depreciation	(241)	(94)	(4)	(33)	(372)
Unallocated corporate expense					(2)
Restructuring					(513)
Foreign exchange loss					(37)
Impairment of intangibles					(1,663)
Operating loss					(1,248)
Finance costs					(18)
Loss before tax					(1,266)
Tax					(83)
Loss after tax					(1,349)

Other information	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
Statement of Financial Position					
Assets					
Attributable Goodwill and intangibles	-	2,661	-	158	2,819
Property, plant and equipment	280	128	6	58	472
Segment assets	3,160	1,448	552	658	5,818
Unallocated corporate assets					2
Consolidated total assets					9,111
Liabilities					
Segment liabilities	3,046	1,396	502	635	5,579
Unallocated corporate liabilities					1
Consolidated total liabilities					5,580
Total equity and liabilities					9,111

Refer to note 10 and 11 for the estimates used in valuation of cash generating units.

In 2019 & 2020 there were no bank overdrafts. Social security and other taxation liabilities have been allocated to the relevant segments of the business.

5. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Research and development costs	1,409	1,398
Net foreign exchange loss	40	37
Depreciation of property, plant and equipment:		
- owned assets	110	92
- leasehold property	122	122
- assets under leases	107	58
Amortisation	100	100
Auditor's remuneration	83	150
Exceptional non-recurring costs	447	513

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Fees payable to the Group's auditor for:		
Fees payable to the company's auditor for the audit of the company's annual accounts	20	20
Fees payable to the company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	51	45
Other assurance services	-	-
Tax advisory services	-	-
Tax compliance services	12	85
	83	150

A description of the work of the Audit Committee is set out in the corporate governance statement on pages 18 to 20 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

An analysis reconciling the profit / (loss) from operations to adjusted EBITDA is provided below.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit / (Loss) from operations	286	(1,248)
Add back:		
Depreciation and amortisation	439	372
Impairment of intangibles & investments	-	1,663
(Gain) / Loss on disposal of fixed assets	(2)	2
Exceptional non-recurring costs	447	513
Foreign exchange losses	40	37
EBITDA before impairment, amortisation, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs	1,210	1,339

Exceptional non-recurring costs include restructuring costs, premises exit costs, non-recurring professional fees and debt write offs.

6. Staff numbers and costs

	Year ended 31 Dec 20 Average number	Year ended 31 Dec 19 Average number
Staff numbers:		
Operations	59	67
Sales and marketing	15	19
Administration	7	7
	81	93

Staff numbers exclude contractors

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Their aggregate remuneration comprised:		
Wages and salaries	4,987	5,208
Social security costs	539	549
Contribution to defined contribution plans	254	236
Health insurance	146	173
Share based payments	39	7
Other staff costs	11	14
Total staff costs	5,976	6,187

Remuneration in respect of Directors was as follows:		
Non-Executive	204	204
Executive Directors' emoluments	332	339
Company pension contributions to money purchase schemes	40	19
	576	562

Remuneration of the highest paid Director (aggregate emoluments):		
Salaries	200	200
Other Benefits	12	11
Contribution to defined contribution plans	4	4
	216	215

Further unaudited information on Directors' remuneration is provided in the Directors' remuneration report. Key management personnel within the business are considered to be the Board of Directors. Pension contributions of £12K were paid in respect of the highest paid Director (2019: £4K). There were two (2019: two) Directors in a money purchase pension scheme.

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The total cost charged to income of £254K (2019: £236K) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2020, contributions of £28K (2019: £27K) due in respect of the current reporting period were included in the Group Statement of Financial Position for payment in January 2021.

The Group operates an Unapproved EMI Share Option plan. An increase of £38K (2019: £7K) has been recognised in the income statement during the year. Further details on share options are included in note 22.

7. Finance costs

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Interest payable:		
Interest on Right of Use lease	10	14
Interest on leases	7	3
Interest on other loans	5	1
	22	18

8. Tax

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Analysis of (charge) / credit in the year		
Current tax:		
Current year State tax – US	(10)	(49)
Adjustment to prior year charge – UK	(3)	(54)
Deferred tax credit	20	20
Taxation	7	(83)

The Group has unutilised tax losses at 31 December 2020 in the UK and the USA of £15.6m (2019: £15.6m) and $14.2m (2019: $15.4m) respectively. These losses are still to be agreed with the tax authorities in the UK and USA. The Board intends to make use of all losses wherever possible.

The US tax losses are restricted to $491K per annum as a result of change of control legislation. Losses carried forward from the change of control in April 2008 are restricted and must be used within 20 years. The Board believes the Group will be able to make use of $7.7m (2018: $8.7m) of the total unutilised losses at 31 December 2020.

No deferred tax has been recognised in accordance with advice from US tax accountants on the basis that the US losses are restricted and there is uncertainty on the value of losses which will be able to be used.

No deferred tax assets have been recognised in relation to any other Group tax losses due to uncertainty over their recoverability.

The differences are explained below:

Reconciliation of tax charge / (credit)	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit / (loss) on ordinary activities before tax	264	(1,266)
Tax at the UK corporation tax rate of 19% (2019: 19%)	50	(241)
Expenses not deductible for tax purposes	14	297
Unrelieved UK losses carried forward	245	149
Utilisation of UK losses	(102)	(110)
Utilisation of US losses	(77)	(103)
Difference in timing of allowances	(129)	(13)
Adjustment to tax charge in respect of prior years	(8)	104
Total taxation	(7)	83

United Kingdom Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. Earnings per share and dividends

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary share options. Management estimate 681,000 ordinary shares will be issued (2019: 685,000) in respect of share options.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Attributable profit / (loss)	271	(1,349)
Weighted average number of ordinary shares used in basic earnings per share ('000)	16,834	16,908
Shares deemed to be issued in respect of share-based payments	681	685
Weighted average number of ordinary shares used in dilutive earnings per share ('000)	17,515	17,593
Basic profit / (loss) per share arising from both total and continuing operations	1.61 p	(7.98)p
Diluted profit / (loss) per share arising from both total and continuing operations	1.55 p	(7.98)p

Dividends

On 28th November 2020 the Company paid a dividend of 1.5 pence per share to holders of ordinary shares.

The Directors declared their intention to pay a dividend in 2021 of 1.5 pence per share (2020: 1.5 pence).

10. Goodwill

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Gross carrying amount		
Balance at 1 January	2,661	4,324
Impairment	-	(1,663)
Total goodwill	2,661	2,661

Goodwill has been recognised on historic acquisitions and is reviewed at the end of each financial period for impairment.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units (CGUs), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Content Products division	2,661	2,661
PCG	-	-
Advertising division	-	-
Total goodwill	2,661	2,661

At the year end, management carried out an impairment review of goodwill attached to each business unit. Following that review, management are of the opinion that no impairment needs to be recognised against the goodwill.

The recoverable amounts of the cash generating units were determined based on value in use calculations for the next five years which management believe they have reasonable knowledge in predicting and will benefit from the resulting cash generation. The 5 year forecast horizon is reasonable based on past experience, contracted terms and the long lead times required for transition off software platforms. Where applicable, management have assumed a forecast growth rate of 1-2% (2019: 1-2%).

Details are shown below.

	PCG %	Content Division %	Advertising Division %
Content sales revenue growth	2	-	-
Express product hosting revenue growth	-	2	-
Hosting revenue growth	-	2	1-2
Time-based service revenue growth	-	2	1-2
Cost base growth	2	2	2

	Content Division £000	Advertising Division £000	Total £'000
Carrying amount	2,661	-	2,661
Value of intangibles	-	58	58
Total goodwill and intangibles	2,661	58	2,719
Recoverable amount	5,067	380	5,447
5-year gross profit reduction for fair value to equal carrying amount	3,200	500	3,700

Management assumptions include stable profit margins based on past experience in this market which the management see as the best available information for the market. Management consider a pre-tax discount factor of 10% will reflect the CGU's cost of capital during the review period (2019: 10%) and that this is applicable to all cash-generating units.

The key assumption in the recoverable amount calculations is gross profit. This item can reasonably be expected to change, and the table above shows the total 5-year reduction in gross profit that would be required for the recoverable amount to be equal to the carrying amount.

11. Other Intangibles

	Acquired Software Technology £'000
Cost	
At 31 December 2019	500
At 31 December 2020	500
Accumulated amortisation and impairment	
At 1 January 2019	242
Amortisation	100
At 31 December 2019	342
Amortisation	100
At 31 December 2020	442
Carrying amount	
At 31 December 2018	258
At 31 December 2019	158
At 31 December 2020	58

The cost of the acquired software was calculated by discounting expected cashflows from the acquired advertising software business over a 5 year period. Management expect a minimum of 5 years useful life from the product as current customers are on long term contracts and any customer migrations are very protracted in nature.

The discount rates used in the calculation of intangibles was 10%.

Amortisation has been charged on a straight-line basis from date of acquisition. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

12. Property, plant and equipment

	Office building £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2019	853	24	327	2,495	3,699
Additions	-	-	-	165	165
Disposals	-	(6)	(238)	(863)	(1,107)
Transfers in	-	-	-	-	-
Exchange differences	-	-	(2)	(9)	(11)
At 31 December 2019	853	18	87	1,788	2,746
Additions	-	-	-	986	986
Disposals	-	-	-	-	-
Transfers in	-	-	-	-	-
Exchange differences	-	-	-	(8)	(8)
At 31 December 2020	853	18	87	2,766	3,724
Accumulated depreciation and impairment					
At 1 January 2019	488	23	322	2,283	3,116
Charge for the year	122	1	1	148	272
Disposals	-	(6)	(238)	(863)	(1,107)
Exchange differences	-	-	(1)	(7)	(8)
At 31 December 2019	610	18	84	1,561	2,273
Charge for the year	121	-	1	216	338
Disposals	-	-	-	-	-
Exchange differences	-	-	-	(6)	(6)
At 31 December 2020	731	18	85	1,771	2,605
Carrying amount					
At 31 December 2020	122	0	2	995	1,119
At 31 December 2019	243	0	3	227	473
At 1 January 2019	365	1	5	212	583

The Office Building category consists of a single right-of-use asset.

Right of Use Assets held under leases with a net book value of £753K (2019: £107K) are included under computer equipment in property, plant and equipment and £107K (2019: £58K) of depreciation was charged on these assets in the year, see note 20 for further details.

13. Trade and other receivables

Trade and other receivables comprise the following:

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Trade receivables - gross	1,834	2,238
Allowance for credit losses	(143)	(57)
Trade receivables - net	1,691	2,181
Other receivables	64	68
Accrued income	254	643
Financial assets at amortised cost	2,009	2,892
Prepayments	217	327
Non-financial assets	217	327
Trade and other receivables	2,226	3,219

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables at the reporting date comprise amounts receivable from the sale of goods and services of £1.8m (2019: £2.2m, 2018: £3.3m).

The average credit period taken on sales of goods is 53 days (2019: 56 days, 2018: 58 days).

In measuring the expected credit losses, the trade receivables have been assessed on an individual basis. Certain trade receivables were found to be individually impaired and an allowance for credit losses of £90K (2019: £57K, 2018: £40K) has been recorded within "sales and marketing" in the Group Statement of Comprehensive Income. This allowance has been determined by reference to expected receipts after considering historical experience, readily available external indicators and forward-looking information. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 6 months from the invoice date, failure to engage with the Group on alternative future payment arrangements and bankruptcy or administration of the customer are considered to be indicators of a potential expected credit loss. The Group has a stable customer base with strong relationships built up over time allowing it to make reasonable assessments of recoverability. The majority of trade receivables relate to customers ongoing ability to function and past experience indicates the balances are recoverable subject to any future information that becomes available. Where an expected credit loss is recognised it will be significantly influenced by additional forward looking information such as industry discussion papers, repayment plan reasonableness and direct account management negotiation.

On the above basis the expected credit loss for trade receivables is as follows:

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Balance as at 1 January	57	40
Amounts collected	(5)	(38)
Additional allowance in year	91	55
Balance as at 31 December	143	57

14. Investments classified as held for sale

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
49% investment held in BIDPT	320	320
Impairment	(320)	(320)
Balance as at 31 December	-	-

In the 2017 financial statements, the Group outlined it has been actively engaged in discussions to sell or dispose of its shareholding in the Chinese Joint Venture and had reclassified it as an asset held for sale. The Board does not believe a deal is imminent and in 2018 reclassified the Group's holding in the Joint Venture as an investment. Given the inherent uncertainty around valuing a Chinese non-listed, minority shareholding combined with flat earnings and an increasingly uncertain mechanism to repatriate funds, the Group fully impaired the investment. The Group's strategy going forward is to concentrate on its core product set and given the lack of control it exerts over the Joint Venture, it does not consolidate results into the Group.

15. Cash and cash equivalents

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Cash at bank and in hand:		
Cash at bank:		
- GBP	1,793	941
- USD	485	1,424
- EUR	45	235
	2,323	2,600
Bank Overdraft – GBP	-	-
Net cash and cash equivalents	2,323	2,600

Net cash and cash equivalents' is used for the Group Statement of Cash Flows. The net carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

At 31 December 2020, HSBC held security in the form of a Debenture including a Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 28 July 2011 and Composite Company Unlimited Multilateral Guarantee dated 28 July 2011 given by Ingenta PLC, Ingenta UK Limited, Catchword Ltd. The security was released in February 2021.

16. Trade and other payables

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2019: 34 days, 2018: 34 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Payables falling due within one year:

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Trade payables	457	448
Accruals	589	468
Lease obligations	441	203
Other payables	313	948
Financial liabilities at amortised cost	1,800	2,067
Social security and other taxes	261	392
Non-financial liabilities	261	392
Trade and other payables	2,061	2,459

Included within accruals is an amount of £Nil related to restructuring (2019: £59K).

17. Borrowings

As at 31 December 2020, there was an overdraft facility of £250K (2019: £250K & 2018: £250K). During the year, the average effective interest rate on bank overdrafts approximates to 2.5% over base rate (2019: 2.5%, 2018: 2.5%) per annum. All borrowings are measured at amortised cost.

18. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease Liabilities £'000
Balance as at 1 January 2019	578
Cash-flows:	
– Repayment	(274)
Non-cash:	
– New leases	89
– Interest	16
Balance as at 31 December 2019	409
Cash-flows:	
– Repayment	(451)
Non-cash:	
– New leases	899
– Interest	15
Balance as at 31 December 2020	872

19. Deferred tax

A deferred tax liability of £100K has arisen from the intangible assets recognised during the business combination in 2016. The deferred tax liability balance unwinds as the intangible asset is amortised. During the year, £20K was credited to the Group Statement of Comprehensive Income. The closing balance was £12K (2019: £32K).

Subject to agreement with HM Revenue and Customs, the Group has unrealised losses in the UK of £15.6m (2019: £15.6m). The Group also has unutilised losses in the USA of $14.2m (2019: $15.4m), these losses have yet to be agreed with the US tax authorities. The US tax losses have become restricted under US change of control laws after the capital raising in April 2008. At year end $7.7m (2019: $8.7m) could potentially be used going forward but due to US regulations and restrictions this is inherently uncertain. As a result, the Board believe conditions for the recognition of a deferred tax asset have not been met and consequently no deferred tax asset is recognised in respect of the losses (2019: £Nil).

20. Lease arrangements

The Group as lessee – IT equipment

Elements of the Group's IT equipment are held under lease arrangements. As at 31 December 2020, the net carrying amount of equipment under lease arrangements was £753K (2019: £116K). Lease liabilities are secured by the related assets. Future minimum lease payments are as follows:

Year ended 31 December 2020	< 1 year £'000	1 – 5 years £'000	Total £'000
Lease payments	282	461	743
Finance charges	(18)	(31)	(49)
Net present value	264	430	694

Year ended 31 December 2019	< 1 year £'000	1 – 5 years £'000	Total £'000
Lease payments	85	33	118
Finance charges	(8)	(4)	(12)
Net present value	77	29	106

The lease agreements include fixed payments and a purchase option at the end of the lease. The agreement is non-cancellable and does not contain any further restrictions.

The Group as lessee - Buildings

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Land and buildings:		
Minimum lease payments due within one year	151	120
Minimum lease payments due in the second to fifth years inclusive	-	149
	151	269

Leases for Land and Buildings represent contracts on the following offices: Oxford, UK and New Brunswick, NJ, USA.

The office building at 8100 Alec Issigonis Way, Oxford has been classified as a Right of Use asset. The lease runs until January 2022 and has no further extension options, payments are fixed, there is no option to purchase nor any further termination options.

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. Short-term leases amount to £78K.

The Group's lease agreements do not contain any contingent rent clauses. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

21. Share capital

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Issued and fully paid:		
16,919,609 (2019: 16,919,609, 2018: 16,919,609) ordinary shares of 10p each	1,692	1,692

Share issues

During the year 81,000 shares (2019: 66,104) were purchased for £63,386 by the company and retained as treasury shares. There were no shares issued during the year (2019: None).

22. Share options

The Group have an unapproved Executive Management Incentive (EMI) share option scheme. Further details are detailed below.

Unapproved EMI scheme

This scheme is part of the remuneration package of the Group's senior management. Options will vest if certain conditions, as defined in the scheme, are met. It is based on Group performance compared to budget over a 3 year period and one third of the options will vest in each of the 3 reporting periods if the performance targets are met in that period. Participating employees have to be employed at the end of each period to which the options relate. Upon vesting, each option allows the holder to purchase ordinary shares at the market price on date of grant.

Share options and weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price per share (£'s)
Outstanding at 1 January 2019	101,333	1.33
Granted	612,245	0.74
Lapsed	(29,000)	1.28
Outstanding at 31 December 2019	684,578	0.80
Granted	-	-
Lapsed	(3,333)	1.27
Outstanding at 31 December 2020	681,245	0.79

At 31 December 2020, the weighted average remaining contractual life of options was 101 months.
The fair value of options granted were determined using the Black Scholes method. The following principle assumptions were used in the valuation:

Grant date	January 2016	February 2016	August 2016	September 2017	September 2019
Vesting period ends	31 Dec 16	31 Dec 16	31 Dec 16	31 Dec 18	31 Dec 22
	31 Dec 17	31 Dec 17	31 Dec 17	31 Dec 19	
	31 Dec 18	31 Dec 18	31 Dec 18	31 Dec 20	
Share price at grant	£1.27	£1.27	£1.30	£1.56	£0.74
Volatility	26%	26%	16%	16%	27%
Risk free investment rate	5%	5%	5%	5%	5%
Fair value of option – 31 December 2016 vesting period	18p	18p	9p	-	-
Fair value of option – 31 December 2017 vesting period	26p	26p	17p	-	-
Fair value of option – 31 December 2018 vesting period	32p	32p	23p	16p	-
Fair value of option – 31 December 2019 vesting period	-	-	-	24p	-
Fair value of option – 31 December 2020 vesting period	-	-	-	31p	-
Fair value of option – 31 December 2022 vesting period	-	-	-	-	18p

The underlying volatility was determined with reference to the historical data of the Company's share price. In total £38K (2019: £7K) of employee remuneration expense and has been included in the profit for the year and released to retained earnings.

23. Notes to the cash flow statement

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Refer to note 15 'cash and cash equivalents'. The initial recognition of lease liabilities are non-cash transactions excluded from the statement of cash flows.

24. Contingent Liabilities

The Group have no contingent liabilities at year end.

25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on page 21.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Short term employee benefits	576	562

Directors' transactions

The amounts outstanding as at 31 December 2020 relate to amounts due from Ingenta plc to Directors in connection with invoiced Non-Executive fees.

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Amounts outstanding with Directors	15	22

Joint Venture transactions

The Joint Venture loan amounts to £149K (2019: £149K).

26. Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities. The main types of risk are foreign currency risk, interest rate risk, market risk, credit risk and liquidity risk.

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively trade in financial assets for speculative purposes nor does it write options. The most significant financial risks are currency risk and certain price risks.

Foreign currency sensitivity

The Group trades in Sterling (GBP), US Dollars (USD) and Euros (EUR). Most of the Group's transactions are carried out in Sterling and US Dollars. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily in USD, through the trading divisions in the USA (Ingenta Inc. and Publishers Communication Group Inc.). The Group does not borrow or invest in USD other than an intercompany loan denominated in USD between Vista International Ltd and Vista North America Holdings Ltd, the currency movement on which offsets within the Group Statement of Comprehensive Income.

In order to mitigate the Group's foreign currency risk, non-GBP cash flows are monitored and excess USD and EUR not required for foreign currency expenditure are translated into GBP on an on-going basis. The Group is a net importer of USD being cash flow positive by approximately $2.0m per annum. No further hedging activity is undertaken. The Group does not enter into forward exchange contracts.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2020		
Financial assets	687	-
Financial liabilities	(191)	-
Total exposure	496	-
31 December 2019		
Financial assets	1,321	-
Financial liabilities	(644)	-
Total exposure	677	-

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD / GBP exchange rate "all other things being equal". Transactions in EUR are immaterial and therefore movements of the EUR / GBP exchange rate have not been analysed.

It assumes a + / - 10% change of the USD / GBP exchange rate for the year ended 31 December 2019 (2018: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group foreign currency financial instruments held at each reporting date.

If GBP had strengthened against USD by 10% (2019: 10%) then this would have had the following impact:

	Loss for the year USD £'000	Equity USD £'000
31 December 2020	(15)	(69)
31 December 2019	(108)	(123)

If GBP had weakened against USD by 10% (2019: 10%) then this would have had the following impact:

	Profit for the year USD £'000	Equity USD £'000
31 December 2020	18	85
31 December 2019	132	151

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Long term borrowings are therefore usually at fixed rates. At 31 December 2020 the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of + / - 1%. These changes are considered to be reasonably possible based on market movements and current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year and Equity £'000 + 1%	Profit for the year and Equity £'000 - 1%
31 December 2020	-	-
31 December 2019	-	-
31 December 2018	-	-

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 £'000	2019 £'000
Cash and cash equivalents (note 15)	2,323	2,600
Trade receivables - net (note 13)	1,691	2,181
Other receivables (note 13)	64	68
Accrued income (note 13)	254	643
	4,332	5,492

The credit risk in respect of cash and cash equivalents is considered negligible as they are held with major reputable financial institutions only.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group's management considers that the financial assets above, that are not impaired or past due for each of the reporting dates under review, are of good credit quality.

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and reports on customers are used and the Group's policy is only to deal with creditworthy customers. The credit terms range between 30 and 75 days and support and maintenance customers are required to pay the annual amount upfront, mitigating the credit risk. The ongoing credit risk is managed through regular review of ageing analysis. Some of the unimpaired trade receivables are past due at the reporting date.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from any single customer or group of customers having the same characteristics. Trade receivables consist of a large number of customers in different sectors of the market and geographical locations.

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £Nil (2019 & 2018: £Nil).

Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day to day business. Liquidity needs are monitored in various time bands. Short term cash flow is monitored daily using known daily inflows and outflows for cash within 8 to 12 weeks. Medium term cash flows within 12 months are monitored using monthly rolling forecast data. Longer term cash flows are monitored using higher level management strategy documents. Net cash requirements are compared to cash balances and forecast in order to determine headroom or any shortfalls. This analysis shows if available cash is expected to be sufficient over the lookout period of 15 months to March 2022.

The Group maintains sufficient cash balances and enters into lease arrangements to meet its liquidity requirements for the medium-term forecast period (1 year).

As at 31 December 2020, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current £'000		Non-current £'000	
31 December 2020:	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Bank borrowings (note 17)	-	-	-	-
Lease obligations	141	141	461	-
Trade and other payables (note 16)	1,359	-	-	-
Total	1,500	141	461	-

This compares to the Group's financial liabilities in the previous reporting period as follows:

	Current £'000		Non-current £'000	
31 December 2019:	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Bank borrowings (note 17)	-	-	-	-
Lease obligations	43	43	32	-
Trade and other payables (note 16)	1,864	-	-	-
Total	1,907	43	32	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date. Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

An analysis of the Group's financial assets is set out below:

	As at 31 December 2020			As at 31 December 2019		
	Amortised cost £'000	FVTPL £'000	Total £'000	Amortised cost £'000	FVTPL £'000	Total £'000
Trade and other receivables	2,009	-	2,009	2,892	-	2,892
Cash and cash equivalents	2,323	-	2,323	2,600	-	2,600
Total financial assets	4,332	-	4,332	5,492	-	5,492

An analysis of the Group's financial liabilities is set out below:

	As at 31 December 2020			As at 31 December 2019		
	Other liabilities (amortised cost) £'000	Other liabilities at FVTPL £'000	Total £'000	Other liabilities (amortised cost) £'000	Other liabilities at FVTPL £'000	Total £'000
Non-current lease obligations	442	-	442	238	-	238
Current lease obligations	441	-	441	203	-	203
Trade and other payables	1,800	-	1,800	2,067	-	2,067
Total financial liabilities	2,683	-	2,683	2,508	-	2,508

27. Capital management policies and procedures

The Group's capital management objectives are:

To ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus any loan notes less cash and cash equivalents. The Group's goal in capital management is a capital to overall financing ratio of 1:6 to 1:4.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities other than loan notes. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2020 £'000	2019 £'000
Total equity	3,531	3,531
Loan notes	-	-
Short term loans	-	-
Cash and cash equivalents	(2,323)	(2,600)
Capital	1,208	931
Total equity	3,531	3,531
Borrowings	-	-
Overall financing	3,531	3,531
Capital to overall financing ratio	0.34	0.26

28. Post balance sheet events

There are no post balance sheet events.

Company statement of financial position

	note	31 Dec 20 £'000	31 Dec 19 £'000
Non-current assets			
Investments	4	3,296	3,258
Current assets			
Trade and other receivables	5	6,336	6,017
Cash and cash equivalents		3	3
		6,339	6,020
Total assets		9,635	9,278
Equity			
Called up share capital	7	1,692	1,692
Share premium account		-	-
Share option reserve		61	23
Retained earnings		6,635	6,316
Total Equity		8,388	8,031
Current liabilities			
Trade and other payables	6	1,247	1,247
Non-current liabilities			
Borrowings	8	-	-
Total liabilities		1,247	1,247
Total equity and liabilities		9,635	9,278

The profit recognised in the year was £634K (2019: £540K loss)

The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2021 and were signed on its behalf by:

J R Sheffield
Director

G S Winner
Director

Registered number: 00837205

The accompanying notes form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2020

	Share capital £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	1,692	23	6,316	8,031
Dividends paid	-	-	(252)	(252)
Shares bought into treasury			(63)	(63)
Share options granted	-	38	-	38
Transaction with owners	-	38	(315)	(277)
Profit for the year	-	-	634	634
Total comprehensive income / (expense) for year	-	38	319	357
Balance at 31 December 2020	1,692	61	6,635	8,388

For the year ended 31 December 2019

	Share capital £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019	1,692	16	7,161	8,869
Dividends paid	-	-	(254)	(254)
Shares bought into treasury			(51)	(51)
Share options granted	-	7	-	7
Transaction with owners	-	7	(305)	(298)
Loss for the year	-	-	(540)	(540)
Total comprehensive income / (expense) for year	-	7	(845)	(838)
Balance at 31 December 2019	1,692	23	6,316	8,031

Notes to the Company financial statements

1. Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and management are required to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 45(b) and 46 to 52 of IFRS 2 'Share based payment' including details of the number and weighted average exercise prices of share options and how the fair value of goods or services received was determined.
- IFRS 7 'Financial instruments' disclosures
- Paragraph 91 to 99 of IFRS 13 'Fair value measurement' disclosures relating to valuation techniques and inputs used for fair value measurement of assets and liabilities.
- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(d) statement of cashflows
  - 16 statement of compliance with all IFRS
  - 38A requirement for a minimum of two primary statements, including cashflow statements
  - 38B-D additional comparative information
  - 111 Statement of cashflow information
  - 134-136 Capital management disclosures
- IAS 7 'Statement of cashflows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' and the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
- Paragraph 17 of IAS 24 'Related party disclosures' and the requirement to present key management compensation
- IAS 24 'Related party disclosures' and the requirement to disclose related party transactions entered into between two or more members of a group.

Accounting policies

A summary of the principal Company accounting policies, which have been applied consistently, is set out below.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. The Directors have impaired the investments as appropriate based on the findings of the wider impairment review detailed in note 10 of the Group accounts.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including a profit and cash forecast, the continued support of the shareholders and Directors, banking facilities and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust (refer to the Group Strategic report on pages 12 to 15 and the Group accounting policies).

Share options

Please refer to the Group accounting policies note for full details. Within the parent company accounts, share based payments are recorded as an increase to investments and credited to the share option reserve within equity.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date.

Transactions in foreign currencies during the year are recorded at a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

Deferred taxation

Provision is made for deferred taxation, using the full provision method, on all taxable temporary differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Loss for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent Company's profit for the year was £634K (2019: £540K loss), impairment for intercompany debtors was £Nil (2019: £394K) and impairment of investments was £Nil (2019: £824K). An audit fee of £20K was paid in respect of the parent Company audit (2019: £20K).

Tax fees for the Group of £(7)K (2019: £85K) have been borne by the subsidiary companies.

The Company employed two Executive Directors (2019: two), four Non-Executive Directors (2019: four) and the Non-Executive Chairman. The costs of these employees and the fees for the other Non-Executive Directors were borne by the subsidiaries.

3. Staff Numbers and Costs

	Year ended 31 Dec 20 Average number	Year ended 31 Dec 19 Average number
Staff numbers:		
Operations	7	7

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Their aggregate remuneration comprised:		
Wages and salaries	204	204
Other staff costs	7	7
Total staff costs	211	211

4. Investments

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Cost		
At 1 January	3,258	4,075
Impairment of China JV investment	-	-
Impairment of 5 Fifteen Limited investment	-	(824)
Share options issued / (lapsed) to employees of subsidiaries	38	7
At 31 December	3,296	3,258

Investments are investments in subsidiary and Joint Venture undertakings.

Details of subsidiary undertakings, in which the Company holds majority shareholdings and investments in which the Company holds significant interest and which have been consolidated and disclosed respectively in the Group financial statements, are as follows:

Company	Country of registration	Holding	Proportion held	Nature of the business
Catchword Limited	England	Ordinary shares	100%	Dormant
		Preference shares	100%	
Ingenta Holdings Limited	England	Ordinary shares	100%	Dormant
Ingenta US Holdings Inc.	USA	Ordinary shares	100%	Holding Company
Publishers Communication Group Inc	USA	Ordinary shares	100%	Marketing and Sales Consultancy
Ingenta UK Limited	England	Ordinary shares	100%	Publishing Software and Services
Ingenta Inc	USA	Ordinary shares	100%	Publishing Software and Services
Publishing Technology do Brasil LTDA	Brazil	Ordinary shares	100%	Publishing Software and Services
Publishing Technology Australia Pty Ltd	Australia	Ordinary shares	100%	Publishing Software and Services
Vista Computer Services Limited	England	Ordinary shares	100%	Dormant
Vista Computer Services LLC	USA	Ordinary shares	100%	Dormant
Vista Holdings Limited	England	Ordinary shares	100%	Dormant
Vista International Limited	England	Ordinary shares	100%	Holding Company
Vista North America Holdings Limited	England	Ordinary shares	100%	Non-Trading Holding Company
Uncover Inc	USA	Ordinary shares	100%	Dormant
Beijing Ingenta Digital Publishing Technology Limited	China	Ordinary shares	49%	Publishing Software and Services
5 Fifteen Limited	England	Ordinary shares	100%	Digital Advertising Solutions
5 Fifteen Inc.	USA	Ordinary shares	100%	Digital Advertising Solutions

5. Trade and other receivables

Amounts falling due within one year	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Other debtors:		
Amounts due from subsidiary undertakings	22,003	21,684
Provision for intercompany debtors	(15,667)	(15,667)
	6,336	6,017

6. Trade and other payables

Amounts falling due within one year	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Other creditors:		
Amounts due to subsidiary undertakings	1,098	1,098
Accruals	149	149
	1,247	1,247

7. Share Capital

	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
Issued and fully paid:		
16,919,609 (2019: 16,919,609) ordinary shares of 10p each	1,692	1,692

Share issues

During the year 81,000 (2019: 66,104) shares were purchased for £63,386 (2019: £50,501) by the company and retained as treasury shares. There were no shares issued during the year (2019: None).

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

8. Borrowings

	Year ended 31 Dec 20	Year ended 31 Dec 19
Bank overdrafts	£250K facility in place	£250K facility in place

The Company bank accounts form part of the wider Group facility with HSBC Bank plc. These accounts are linked and any facility limit is based on the net balance of all Group accounts taken together. There was a Group overdraft facility in place during 2020 of £250K (2019: £250K).

9. Related party transactions

Other related party transactions

Please refer to note 25 of the Group financial statements.

A summary of related party transactions and balances is shown herein:

	As at 31 Dec 19 £'000	Recharges £'000	Impairment £'000	As at 31 Dec 20 £'000
Ingenta UK Limited	5,000	(13)	-	4,987
Ingenta Inc	1,016	332	-	1,348
Publishers Communication Group Inc.	1	-	-	1
Catchword Limited	(429)	-	-	(429)
Ingenta US Holdings Inc.	(669)	-	-	(669)
	4,919	319	-	5,238

10. Financial assets and liabilities

An analysis of the company's assets is set out below:

	As at 31 December 2020		As at 31 December 2019	
	Loans and receivables £'000	Total for financial position heading £'000	Loans and receivables £'000	Total for financial position heading £'000
Other receivables	6,336	6,336	6,017	6,017
Cash and cash equivalents	3	3	3	3
	6,339	6,339	6,020	6,020

	As at 31 December 2020		As at 31 December 2019	
	Financial liabilities at amortised cost £'000	Total for financial position heading £'000	Financial liabilities at amortised cost £'000	Total for financial position heading £'000
Other payables	1,098	1,098	1,098	1,098
Other creditors	149	149	149	149
	1,247	1,247	1,247	1,247