

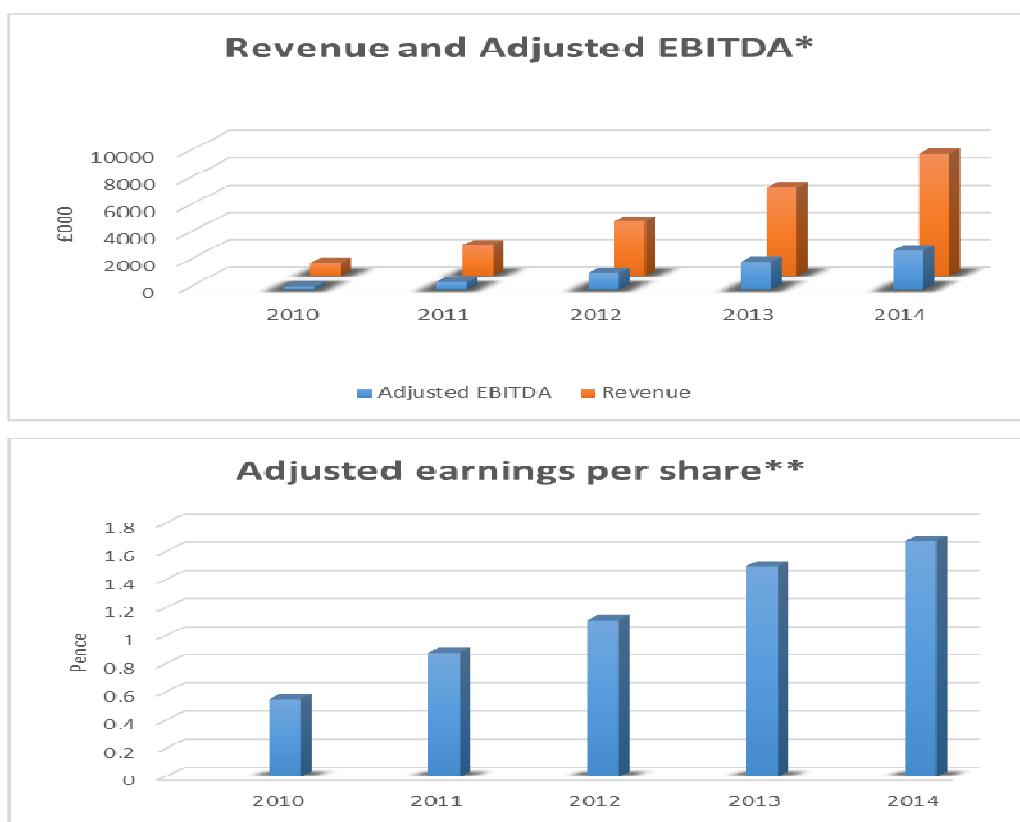


**Ideagen plc**  
**Annual Report and Accounts**  
**for the Year Ended 30 April 2014**

**Registration number: 02805019**

## Welcome to Ideagen

- Ideagen is a leading supplier of Information management software to highly regulated industries
- The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Complex Manufacturing, Banking and Finance and Energy Sectors.
- Our Pentana Disclose™ software is used by 18 of the top 25 UK accounting firms and our compliance, internal audit and risk software products are used by a growing number of national and global organisations.
- Ideagen has established a significant footprint in the UK Healthcare sector. The Group is in a strong position to take advantage of the opportunities arising following the dismantling of the NHS National Programme for IT and the increasing NHS focus on both improving healthcare governance whilst delivering cost savings in a drive for a paperless NHS.
- The Group's suite of software, which is already in use at a number of hospitals in the UK, is focused on providing a clinical enterprise document repository, electronic forms and a clinical portal to provide a single patient record which can be viewed through mobile solutions.
- The Group has grown both organically and through a number of strategic acquisitions and this year's results represent the fifth consecutive year of growth in revenue, adjusted EBITDA and adjusted earnings per share.



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

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

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### **Financial Highlights**

- Revenue up 38% to £9.0m (2013: £6.5m)
- Pro-forma organic revenue growth of 13%\*\*\*
- Adjusted EBITDA\* up 39% to £2.8m (2013: £2.0m)
- Adjusted diluted EPS\*\* up by 12% to 1.67 pence (2013: 1.49 pence)
- Cash generated by operations of £1.7m (2013: £2.2m)
- Net cash at year end of £4.0m (2013: £6.4m)
- Proposed final dividend of 0.1 pence per share
  - making a total of 0.15 pence per share for the year

### **Operational Highlights**

- Acquisition of MSS strengthening the Group's position in the UK Healthcare sector
- Acquisition of Pentana Ltd strengthening the Group's Governance, Risk and Compliance (GRC) capability
- Launch of dart/KW, a document focused Patient Information solution
- Significant contract wins at Central Manchester University, Heart of England and Royal Wolverhampton NHS Trusts
- Strong contribution from Pentana in the second half of the financial year
- Strong performance within the life sciences market
- Implementation of single Finance and CRM systems across the Group
- Post year end acquisition of EIBS underpinning the Group's portal and web product roadmap

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

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

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

**Ideagen plc**  
**Strategic Report for the year ended 30 April 2014**

**Chief Executive's Review**

I am pleased to announce our results for the year ended 30 April 2014. Overall, the year saw further transformation of the Group through continued organic revenue and profit growth and two further acquisitions. During the year, the Group invested in on-going product development, sales resource and additional management whilst delivering revenue growth of 38%, adjusted EBITDA\* growth of 39% and adjusted EPS\*\* growth of 12%.

The focus of the Group remains the design and supply of Information Management software to organisations that operate within highly regulated industries. The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Complex Manufacturing, Banking and Finance and Energy Sectors. The Group has in parallel leveraged its core technology and has acquired capability to build a UK business supplying content and clinical management solutions predominantly to the NHS. Each of the Group's chosen markets require robust information systems and exhibit a high consequence of error should data and processes be compromised.

In the year to 30 April 2014, the Group generated organic growth of 13% driven by a significant increase in revenues within the Healthcare sector which grew organically by 16%. Prior to the acquisition of Plumtree in December 2012, the Directors had identified the NHS as a growth opportunity for the Group. To maximise this opportunity, during the year the Group released a new product, dart/KW, an enterprise scale Patient Information solution, and transferred expert sales and technical resources from the Group's commercial team into the NHS team.

The Group has since recruited additional sales resources to ensure that we continue our growth within the commercial Governance Risk and Compliance sector which includes Banking and Finance, Life Sciences, Manufacturing and Energy, which delivered solid organic growth of 9%.

In July 2013, the Group acquired MSS Management Systems Services Ltd ("MSS"), a supplier of Emergency Department software solutions. This acquisition has greatly enhanced the Group's value proposition within healthcare, adding 10 acute Emergency Department customers. In November 2013 the Group acquired Pentana Ltd, a supplier of Risk and Audit solutions adding a further 350 customers and providing an entry point into the Banking and Finance Sector.

The Group continues to benefit from robust recurring revenues and has invested in additional resources to manage the customer base resulting in a strong maintenance and support renewal rate. Recurring revenues now represent 55% of our software and services revenue and cover 86% of the fixed cost base.

The strong cash generated from operations in the second half of the Group's financial year to 30 April 2013 (126% of adjusted EBITDA) meant lower cash generated in the first half of this year. However cash generated in the second half of the year was robust giving a total cash from operations for the year of 60% of adjusted EBITDA. The Group's balance sheet remains strong with cash balances of £4.0m at year end. The Group has no debt.

Post year end, in June 2014, the Group completed the acquisition of EIBS Ltd ("EIBS"), a supplier of Intranet, Portal, and Mobile solutions. EIBS has annual revenues of approximately £1.4m of which £0.9m is recurring, and in excess of 140 customers including 40 NHS Trusts. The technology that EIBS has developed will underpin the Group's portal and web product roadmap whilst adding a valuable customer base.

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

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

**Governance, Risk and Compliance (GRC)**

For our customers, GRC represents a key corporate initiative for improving governance through more effective compliance and a clearer understanding of the impact of risk on business performance. The Group's expertise within GRC is the development and implementation of software tools that enable our customers to identify, assess and prioritise risk and to manage information in order to comply with regulations.

Increasingly organisations are obliged to demonstrate compliance with industry standards, regulations and KPIs which acts as a compelling driver for investment in the Group's products. The Directors believe that the foundation of any robust GRC system is the effective management of unstructured and semi-structured information such as documents, electronic forms and content, email, video and scanned images which accounts for approximately 80 per cent. of all data within an organisation.

The management of such information has been a core competence of the Group for a number of years and, following the acquisition of Pentana, we can now combine audit and risk capability together with formal document control and business process management in the areas of competency, incident reporting and corrective action planning. This provides the Group with a broader integrated GRC proposition which we believe will be of interest to our enlarged customer base.

The Group's capability within GRC can be divided into four areas:

**1. Risk Management**

Identification and mitigation of risks is of increasing importance in almost every organisation, but given recent disasters and legal actions, having a reliable system of risk management is particularly important in the finance and energy sectors. The Group has been successfully supplying software to these sectors for many years. Customers include banks which need to demonstrate a system of operational risk management for compliance with Basel II and energy companies that use the software to minimise risks in both on-shore and off-shore operations.

Ideagen software includes libraries of common risks for consideration and provides a structured method of risk reviews to ensure a fully documented and controlled approach to assessing and treating risk. Risk management includes the need to document policies and procedures, ensuring that they are fully understood by staff. For this reason, there are significant benefits for clients in using the Group's Risk and Compliance solutions.

**2. Standards/Quality Management**

The Group's solutions are used by companies to help them maintain compliance with internationally recognised standards and internal business processes. There are over 19,000 ISO standards which are published by the International Organisation for Standardisation.

Whilst the Group's software covers a number of specific standards relating to health and safety, information security and environmental compliance, the main standards which the Group's products help customers comply with are based around ISO9000 Quality Management. The ISO9000 family of standards are related to quality management systems and are designed to ensure that organisations meet the needs of customers and other stakeholders.

In the Directors' experience, successful Quality Management can improve business performance, often driving a positive effect on investment, market share growth, sales growth, margin expansion, increased competitive advantage and the avoidance of litigation.

Any organisation which has implemented a standards based quality management system, in the Directors' opinion, represents a potential customer for the Group's products. More than one million organisations worldwide are independently certified for ISO9001 suggesting that this standard is one of the most widely used management tools in the world today.

Additionally, there are many industry specific standards, which are often based on ISO, which the Group's products can help companies to manage in an effective manner. Industries such as Pharmaceuticals, Aerospace and Defence, Healthcare and Manufacturing represent key focus areas for the Group.

**3. Audit Management**

As the GRC "third line of defence" after risk management and policy oversight, audit teams and the Audit Committees to which they report have a vital role in providing continued assurance on the governance of organisations. In providing that assurance, auditors of global organisations have to operate in situations where the technology may be slow or only allow occasional on-line working. The Group's audit management software uses the latest technologies to ensure that auditors can keep working effectively in global environments, while allowing central management reporting and review of their work on a single global database.

**4. Audit Compliance**

With its focus on the audit profession, Pentana has brought to the Group an added dimension in audit and financial regulatory compliance. 18 of the top 25 UK accounting firms use the Pentana Disclose™ software to ensure that their client's financial statements conform to UK disclosure requirements and this market position is also reflected in use of the software for compliance with International Financial Reporting Standards internationally. Pentana software is also used by audit regulators around the world to ensure that accounting firms of all sizes comply with the International Standards on Auditing.

### **Content and Clinical Solutions**

The Directors believe that the UK healthcare market represents a significant growth opportunity for the Group following the dismantling of the NHS National Programme for IT ("NPfIT"). Many of the current IT drivers within the NHS are focused on improving healthcare governance through the implementation of more robust Information Management systems with the objective of improving service levels and patient care.

Through the acquisitions of Plumtree and MSS, the Group has established a significant footprint in the UK Healthcare sector. This has been further augmented post year end by the acquisition of EIBS in June of this year. The failure of the National Programme for IT to deliver an integrated patient records solution has provided an opportunity for agile vendors to provide point solutions to address specific information challenges. This opportunity has been confirmed recently by Jeremy Hunt, Minister of State for Health, who has set objectives for a paperless NHS by 2018 with a budget being made available to achieve this. This strategy is supported by a funded programme aimed at improving information governance and reducing patient risk whilst delivering cost savings through the implementation of a digital patient record.

The Directors estimate that approximately only 25% of the 192 NHS Trusts in the United Kingdom have implemented a trust-wide Patient Document Repository and therefore believe that there is a significant market opportunity over the coming years. To date the Group has supplied ten NHS Trusts in England and Scotland with a trust-wide solution to integrate patient documents across departments. Typically these solutions represent a major long term investment for a Trust and represent a significant increase in transaction value for the Group. Following the acquisition of EIBS, the Group now has a further opportunity to supply Trust wide Information Portals to provide a single view of Patient Information fed from multiple data sources.

The Group is therefore now focused on providing digitised solutions in six key areas:

- 1) Clinical Enterprise Document Repository
- 2) Clinical Electronic Forms and Workflow
- 3) Clinical Enterprise Portal to provide a single patient record
- 4) Order communications to provide automated ordering of services between GPs and Hospitals
- 5) Emergency Department Management
- 6) Mobile Solutions

The primary market for these solutions are the 166 Acute Trusts within England, the 14 Regional Health Boards in Scotland, 7 Local Health Boards in Wales and 5 Health Trusts in Northern Ireland. The Group has also identified an emerging opportunity for Order Communications software at hospitals in the Benelux region and private laboratories within the UK.

### **Staffing and Infrastructure**

The Group has implemented a fully integrated Group structure with functions covering Sales and Marketing, Customer Services and Support, Research and Development and Finance and Administration and a member of each function is represented on the executive management team.

At 30 April 2014 the Group had 98 employees across the following functions: Sales and Marketing – 23, Customer Services and Support – 34, Research and Development – 27, Finance and Administration – 11, Executive Directors - 3. It is envisaged that headcount will increase over the coming year to generate and support future growth. The acquisition of EIBS has added a further 32 employees to the Group.

At year end the Group operated from 6 locations: Nottingham, Matlock, Welwyn, Bristol, Sittingbourne and Schaumburg (USA). The Group has outsourced the delivery of our SaaS platform to Iomart, a provider of Data Centre services.

**David Hornsby**

Chief Executive

3rd October 2014

## Financial Review of the year

### Results

Revenue for the year ended 30 April 2014 increased by 38% to £9.0m (2013: £6.5m). Within this, underlying organic revenue growth was 13% based on a comparison of revenue in the year under review with pro-forma revenue for the comparative period adjusted for the Plumtree, MSS and Pentana acquisitions and excluding revenue generated in either period from the Prism contract with the Department of Veterans Affairs in the United States which ended in 2013.

Adjusted EBITDA\* increased by 39% to £2.81m (2013: £2.02m) with the adjusted EBITDA margin maintained at 31% of revenue.

Amortisation of acquisition intangibles of £0.97m (2013: £0.98m) represents the majority of the total depreciation and amortisation charge of £1.22m (2013: £1.12m). The increase in share-based payment charges (£0.29m vs £0.18m) was due to the share options granted in January 2013 which were at higher exercise prices than previous grants of share options.

The adjusted group tax charge was £0.41m (2013: £0.42m). This has been adjusted to exclude the deferred tax credits associated with the amortisation of acquisition intangibles, share based payment charges and the impairment of an acquisition intangible in 2013. The adjusted group tax charge represents 16% (2013: 23%) of adjusted Profit Before Tax of £2.6m (2013: £1.9m), benefiting from a change in the mix of profits earned towards the UK and away from the higher corporate tax rates in the United States.

As a result of the above, adjusted diluted earnings per share\*\* increased by 12% to 1.67p (2013: 1.49p).

### Statement of financial position

The Group's financial position has continued to strengthen with net assets increasing to £13.4m (2013: £12.3m). Intangible assets increased to £11.8m (2013: £7.7m) following the acquisitions of MSS and Pentana during the year and the ratio of intangible assets to adjusted EBITDA was 4.2 (2013: 3.8). Net current assets were £2.60m (2013: £4.95m).

### Cash flow

Cash balances were £4.0m (2013: £6.4m) following the acquisitions of MSS in July 2013 for initial net cash consideration of £0.59m and Pentana in November 2013 for initial net cash consideration of £2.26m and the payment of the Group's maiden dividend in March 2014. Cash generated by operations amounted to £1.7m (2013: £2.2m).

The strong cash generated from operations in the second half of the year ended 30 April 2013 (126% of adjusted EBITDA\*) had an impact on cash generated in the first half of this year. However cash generated from operations in the second half of this year was robust resulting in total cash generated by operations for the year of 60% of adjusted EBITDA\* (2013: 111%).

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

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

**Key Performance Indicators**

Key financial performance indicators used by management are as follows:

<b>Performance indicator</b>	<b>2014</b>	<b>2013</b>	<b>Method of measurement</b>
Revenue for the year (£m)	9.0	6.5	
Adjusted EBITDA (£m)	2.8	2.0	EBITDA adjusted for business acquisition costs, share-based payment charges and other exceptional items
Gross margin	84.1%	86.7%	Gross profit as a percentage of Revenue
Adjusted EBITDA margin	31.3%	30.9%	Adjusted EBITDA as a percentage of Revenue

**Principal risks and uncertainties**

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

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

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

*Operational.* The Group's most significant assets are the intellectual property developed by the Group, the intangible assets acquired with business acquisitions and the employees of the Group. The Group's quality procedures seek to ensure that products are reliable and of high quality.

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

Approved by the Board and signed on its behalf by

.....  
**Graeme Spenceley**

Director and Company Secretary

3rd October 2014

The directors are pleased to present their report and the audited Group financial statements for the year ended 30 April 2014.

**Results and dividends**

A review of the results for the year and the financial position of the Group is included in the Strategic Report on pages 3 to 7 and details are set out in the financial statements on pages 13 to 56.

A maiden interim dividend of 0.05 pence per equity share amounting to £61,000 was paid during the year. The directors propose a final dividend in respect of the year of 0.1 pence per share payable on 12<sup>th</sup> November 2014 to shareholders on the register on 24<sup>th</sup> October 2014. This is subject to approval by shareholders at the forthcoming Annual General Meeting.

**Directors**

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

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

**Directors' indemnity and insurance**

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

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

*Acquisition of a business*

On 24 June 2014, Ideagen plc acquired the whole of the issued share capital of EIBS Limited ('EIBS'), a company domiciled in England. EIBS has developed proprietary Information Portal, Internet and Mobile software solutions for the NHS and numerous public sector, not for profit and commercial organisations. The acquisition of EIBS is expected to enhance the Group's existing business through the addition of strong mobile and portal intellectual property and the client base of EIBS.

The total consideration for the acquisition of EIBS was £1,550,000 which was paid in cash on completion of the acquisition. No deferred or contingent consideration is payable.

The cash balance acquired in EIBS at the date of acquisition was £301,000 and accordingly the net cash outflow on acquisition of EIBS was £1,249,000.

With the exception of the cash balance acquired in EIBS, the initial review of the fair values of other separable assets and liabilities acquired has not yet been completed and accordingly information has not been presented on the fair values of assets and liabilities acquired, including the recoverability of receivables and the fair value of acquired goodwill.

The costs of the acquisition of £73,000 will be expensed within a separate line in the Group Statement of Comprehensive Income for the year ending 30 April 2015. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of EIBS had been completed on 1 May 2013 is impracticable as the accounting reference date for EIBS was previously 31 July and it did not prepare comparable revenue and profit information on a monthly basis.

*Issues of ordinary shares*

In order to satisfy the exercise of share options, the company issued 500,000 shares at 2.5 pence each on 15 May 2014, 129,100 shares at 28 pence on 2 June 2014 and 333,333 shares at 22.38 pence on 7 August 2014.

**Auditor**

Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited) ceased trading on 31 March 2014. The Directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as auditor will be put to the members at the forthcoming Annual General Meeting.

**Going concern**

The Group's business activities and the factors likely to affect its future development, performance and position together with a review of the financial position of the Group, its cash flows and liquidity position are set out in the Strategic Report on pages 3 to 7.

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

**Current Trading & Outlook**

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

Approved by the Board and signed on its behalf by:

.....  
**Graeme Spenceley**

Director & Company Secretary

3rd October 2014

**Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards adopted for use in the European Union and applicable law. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company 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 Accounting Standards 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 group will continue in business.

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

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

In so far as the directors, individually, are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

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

**Respective responsibilities of directors and auditor**

As more fully explained in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit**

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

**Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 30 April 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

**Matters on which we are required to report by exception**

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

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

Richard Eccles (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
7<sup>th</sup> Floor, City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

3<sup>rd</sup> October 2014

		2014	2013
	Note	£'000	£'000
<b>Revenue</b>	2	8,970	6,514
Cost of sales		(1,425)	(869)
<b>Gross profit</b>		7,545	5,645
Operating costs	3	(4,733)	(3,629)
<b>Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items</b>		2,812	2,016
Depreciation and amortisation	3	(1,220)	(1,117)
Costs of acquiring businesses	18	(246)	(88)
Share-based payment charges	21	(285)	(178)
Impairment of acquisition intangible	3,9	-	(2,086)
<b>Profit / (loss) from operating activities</b>		1,061	(1,453)
Movement in fair value of contingent consideration	15	-	150
Finance income / (costs)	5	10	(14)
<b>Profit / (loss) before taxation</b>		1,071	(1,317)
Taxation	3,7	(198)	512
<b>Profit / (loss) for the year</b>		873	(805)
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operation		(10)	(1)
<b>Total comprehensive income for the year attributable to the owners of the parent company</b>		863	(806)
<b>Earnings per share</b>			
		<b>pence</b>	<b>pence</b>
Basic	8	0.72	(0.87)
Diluted	8	0.68	(0.87)

		2014	2013
	Notes	£'000	£'000
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	9	11,807	7,716
Property, plant and equipment	10	166	199
Deferred income tax assets	7	<u>173</u>	<u>206</u>
		<u>12,146</u>	<u>8,121</u>
<b>Current assets</b>			
Inventories	12	389	-
Trade and other receivables	13	3,637	1,972
Cash and cash equivalents		<u>4,011</u>	<u>6,372</u>
		<u>8,037</u>	<u>8,344</u>
<b>Current liabilities</b>			
Trade and other payables	14	2,421	1,636
Contingent consideration on business combinations	15	327	-
Current income tax liabilities	16	283	311
Deferred revenue		<u>2,356</u>	<u>1,345</u>
Deferred consideration on business combinations	17	<u>50</u>	<u>100</u>
		<u>5,437</u>	<u>3,392</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	7	<u>1,377</u>	<u>796</u>
<b>Net assets</b>			
		<u>13,369</u>	<u>12,277</u>

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Notes</b>		
<b>Equity</b>		
Issued share capital	19	1,219
Share premium	19	6,870
Merger reserve	19	1,167
Share-based payments reserve	21	596
Retained earnings		3,520
Foreign currency translation reserve	(3)	7
<b>Equity attributable to owners of the parent</b>	<hr/> <b>13,369</b> <hr/>	<hr/> <b>12,277</b> <hr/>

Approved and authorised for issue by the Board on 3rd October 2014 and signed on its behalf by:

.....  
**David Hornsby** – Director

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

**Ideagen plc**

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

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

The notes on pages 24 to 56 form an integral part of these financial statements.

**Ideagen plc**

**Group statement of changes in equity for the year ended 30 April 2013**

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Deferred equity consideration reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2012</b>	<b>779</b>	<b>1,408</b>	<b>1,020</b>	<b>138</b>	<b>753</b>	<b>8</b>	<b>1,680</b>	<b>5,786</b>
Share placing (note 19)	315	5,685	-	-	-	-	-	6,000
Share placing issue costs	-	(229)	-	-	-	-	-	(229)
Shares issued as part consideration on a business combination (note 19)	45	-	855	-	-	-	-	900
Shares issued to satisfy contingent consideration on business combinations (note 19)	76	-	711	-	-	-	(344)	443
Shares issued under share option scheme (note 19)	2	3	-	-	-	-	-	5
Loss for the year	-	-	-	-	(805)	-	-	(805)
Other comprehensive income for the year	-	-	-	-	-	(1)	-	(1)
Share-based payments (note 21)	-	-	-	178	-	-	-	178
Transfer on exercise of share options (note 21)	-	-	-	(3)	3	-	-	-
Realisation of merger reserve on impairment of intangibles (note 19)	-	-	(1,419)	-	1,419	-	-	-
Reduction in deferred equity consideration reserve (note 19)	-	-	-	-	1,336	-	(1,336)	-
<b>Balance at 30 April 2013</b>	<b>1,217</b>	<b>6,867</b>	<b>1,167</b>	<b>313</b>	<b>2,706</b>	<b>7</b>	<b>-</b>	<b>12,277</b>

The notes on pages 24 to 56 form an integral part of these financial statements.

**Ideagen plc**

**Group Statement of Cash Flows for the year ended 30 April 2014**

		2014	2013
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		873	(805)
Depreciation of property, plant and equipment	10	110	57
Amortisation of intangible non-current assets	9	1,110	1,060
Loss/(profit) on disposal of property, plant and equipment		2	(15)
Share-based payment charges	21	285	178
Finance (income)/costs recognised in profit or loss	5	(10)	14
Taxation charge/(credit) recognised in profit or loss	7	198	(512)
Business acquisition costs in profit or loss	18	246	88
Impairment of intangible assets		-	2,086
Net foreign exchange loss/(gain) in profit or loss		10	(13)
Gain recognised on fair value of contingent consideration	15	-	(150)
(Increase)/decrease in inventories		(389)	-
(Increase)/decrease in trade and other receivables		(1,154)	(319)
Increase/(decrease) in trade and other payables		392	628
Increase/(decrease) in deferred revenue liability		14	(59)
Cash generated by operations		<u>1,687</u>	<u>2,238</u>
Interest received/(paid)		5	(12)
Income tax paid		(281)	(257)
Business acquisition costs paid		(180)	(97)
AIM flotation costs paid		-	(247)
Net cash generated by operating activities		<u>1,231</u>	<u>1,625</u>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of businesses net of cash acquired	18	(2,844)	(1,413)
Payments of deferred consideration on business combinations		(106)	(506)
Payments for development costs		(525)	(350)
Payments for property, plant and equipment		(65)	(122)
Proceeds of disposal of property, plant and equipment		24	21
Net cash used in investing activities		<u>(3,516)</u>	<u>(2,370)</u>
<b>Cash flows from financing activities</b>			
Proceeds from placing of equity shares	19	-	6,000
Payments for share issue costs	19	-	(229)
Proceeds from issue of shares under the share option schemes		5	5
Equity dividends paid		(61)	-
Repayment of borrowings		-	(168)
Net cash (used)/generated by financing activities		<u>(56)</u>	<u>5,608</u>
Net (decrease)/increase in cash and cash equivalents during the year		(2,341)	4,863
Cash and cash equivalents at the beginning of the year	25	6,372	1,496
Effect of exchange rate changes on cash balances held in foreign currencies		(20)	13
<b>Cash and cash equivalents at the end of the year</b>	<b>25</b>	<b><u>4,011</u></b>	<b><u>6,372</u></b>

The notes on pages 24 to 56 form an integral part of these financial statements.

		2014	2013
	Notes	£'000	£'000
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	9	316	200
Property, plant and equipment	10	24	36
Investments in subsidiaries	11	9,994	6,815
Deferred income tax asset	7	137	186
Trade and other receivables	13	- 10,471	167 7,404
<b>Current assets</b>			
Trade and other receivables	13	1,408	600
Cash and cash equivalents		1,816	4,264
		3,224	4,864
<b>Current liabilities</b>			
Trade and other payables	14	1,210	373
Contingent consideration on business combinations	15	327	-
Deferred revenue		141	139
Deferred consideration on business combinations	17	50 1,728	100 612
<b>Net assets</b>			
		11,967	11,656

		<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
<b>Notes</b>			
<b>Equity</b>			
Issued share capital	19	1,219	1,217
Share premium	19	6,870	6,867
Merger reserve	19	1,218	1,218
Share-based payments reserve	21	596	313
Retained earnings		2,064	2,041
<b>Equity attributable to the owners of the parent</b>		<b>11,967</b>	<b>11,656</b>

Approved and authorised for issue by the Board on 3rd October 2014 and signed on its behalf by:

.....  
**David Hornsby** - Director

.....  
**Graeme Spenceley** - Director

**Ideagen plc**

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

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

The notes on pages 24 to 56 form an integral part of these financial statements.

**Ideagen plc**

**Company statement of changes in equity for the year ended 30 April 2013**

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Deferred equity consideration reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2012</b>	779	1,408	1,020	138	218	1,680	5,243
Share placing (note 19)	315	5,685	-	-	-	-	6,000
Share placing issue costs	-	(229)	-	-	-	-	(229)
Shares issued as part consideration on a business combination (note 19)	45	-	855	-	-	-	900
Shares issued to satisfy contingent consideration on business combinations (note 19)	76	-	711	-	-	(344)	443
Shares issued under share option scheme (note 19)	2	3	-	-	-	-	5
Share-based payments (note 21)	-	-	-	178	-	-	178
Transfer on exercise of share options (note 21)	-	-	-	(3)	3	-	-
Realisation of merger reserve on impairment of investment in subsidiary (note 19)	-	-	(1,368)	-	1,368	-	-
Reduction in deferred equity consideration reserve (note 19)	-	-	-	-	1,336	(1,336)	-
Loss for the year	-	-	-	-	(884)	-	(884)
<b>Balance at 30 April 2013</b>	<b>1,217</b>	<b>6,867</b>	<b>1,218</b>	<b>313</b>	<b>2,041</b>	<b>-</b>	<b>11,656</b>

The notes on pages 24 to 56 form an integral part of these financial statements.

	Note	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		82	(884)
Depreciation of property, plant and equipment	10	16	15
Amortisation of intangible non-current assets	9	83	64
Share-based payment charge		77	178
Finance (income)/costs recognised in profit or loss		(8)	14
Taxation charge/(credit) recognised in profit or loss		49	(13)
Business acquisition costs in profit or loss		246	88
Impairment of investment in subsidiary	11	-	1,368
Gain recognised on fair value of contingent consideration	15	-	(150)
(Increase)/decrease in trade and other receivables		(428)	51
Decrease/(increase) in intra-group debtors		429	(12)
Increase/(decrease) in trade and other payables		14	(54)
Increase/(decrease) in intra-group creditors		1,722	(275)
Increase/(decrease) in deferred revenue	2	7	
Cash generated by operations		2,284	397
Interest received/(paid)		3	(12)
Business acquisition costs paid		(180)	(97)
AIM flotation costs paid		-	(247)
Net cash generated by operating activities		2,107	41
<b>Cash flows from investing activities</b>			
Payments for investments in subsidiaries	18	(4,190)	(1,600)
Payment of deferred consideration on business combinations		(106)	(506)
Payments for development costs		(199)	(23)
Payments for property, plant and equipment		(4)	(22)
Net cash used in investing activities		(4,499)	(2,151)
<b>Cash flows from financing activities</b>			
Proceeds from placing of equity shares	19	-	6,000
Payments for share issue costs	19	-	(229)
Proceeds from issue of shares under the share option schemes	5	5	
Dividends paid		(61)	-
Net cash (used)/generated by financing activities		(56)	5,776
Net (decrease)/increase in cash and cash equivalents during the year		(2,448)	3,666
Cash and cash equivalents at the beginning of the year	25	4,264	598
<b>Cash and cash equivalents at the end of the year</b>	25	1,816	4,264

**1 Accounting policies****Reporting entity**

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

**Statement of compliance**

These financial statements have been prepared in accordance with all International Financial Reporting Standards (IFRSs), as adopted by the European Union, and IFRIC interpretations applicable as at 30 April 2014 and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

**Basis of preparation**

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

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes. The profit for the year dealt with in the financial statements of the Parent Company for the year ended 30 April 2014 was £82,000 (2013: loss of £884,000).

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

**Basis of consolidation**

The group financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 April 2014. Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated. The financial statements of all subsidiaries are prepared up to the same date as the parent Company.

**Revenue recognition**

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

**(a) Perpetual software licences**

Revenue is recognised on delivery of the licence to the customer.

**(b) Services**

Revenue in respect of professional services such as consulting days, training and bespoke development are recognised as these services are delivered.

**(c) Annual support and maintenance**

Revenue is recognised on a time-basis over the length of the support period. Annual support and maintenance is normally invoiced in advance and a deferred revenue liability is recognised in the statement of financial position to represent the element of the support and maintenance revenue deferred to be recognised as revenue in the future.

**1 Accounting policies (continued)****Foreign currencies**

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

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

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

**Leases**

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

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

**Exceptional items**

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

**Taxation**

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

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

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

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

**Pensions and post retirement benefits**

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

**Goodwill**

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

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

**1 Accounting policies (continued)****Other intangible assets**

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

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

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

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

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

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

**The Company's investments in subsidiaries**

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

**Property, plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated at an annual rate of 25% so as to write off the cost, less any estimated residual values, over the expected useful economic lives of the assets concerned.

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

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

**Impairment of assets**

The Group reviews the carrying amounts of its tangible and intangible assets at least annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

**1 Accounting policies (continued)****Inventories**

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

**Trade and other receivables**

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

**Cash and cash equivalents**

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

**Financial liabilities and equity instruments**

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

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

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

**Contingent consideration**

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

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

**Share-based payments**

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

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

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

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

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

*Deferred income tax assets*

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

*Share-based payments*

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

*Impairment of goodwill*

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

*Impairment of other assets*

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

**New accounting standards**

There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 30 April 2014 which have a significant impact on the Group. New standards, amendments to standards and interpretations which have been published but are not yet effective are not expected to have a significant impact on the Group with the exception of IFRS 15 "Revenue from contracts with customers" which was issued in 2014. The Group is currently reviewing this new standard and the effects, if any, of applying this standard to the financial statements of the Group have not yet been evaluated. This standard will be effective for the accounting period commencing on 1 May 2017.

**2 Revenue**

The group has a single reportable segment. An analysis of revenue by product or service is given below

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Software licence sales	1,939	1,550
Maintenance and support	4,445	2,389
Professional services	1,954	2,133
Hardware and third party sales	632	442
	<hr/> <hr/> 8,970	<hr/> <hr/> 6,514

**2 Revenue (continued)**

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

	External revenue by location of customers		Non-current assets by location of assets*	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
United Kingdom	6,960	4,231	8,504	6,632
United States of America	1,002	1,944	4	11
Europe	813	260		
Other	195	79	-	-
Unallocated	-	-	3,465	1,272
	<hr/>	<hr/>	<hr/>	<hr/>
	8,970	6,514	11,973	7,915

\*Non-current assets exclude deferred tax assets.

No single customer accounted for more than 10% of total revenue in the year ended 30 April 2014. Revenue from one customer in the year ended 30 April 2013 amounted to £1,227,000.

**3 Operating costs**

	2014	2013
	£'000	£'000
Wages and salaries	3,125	2,485
Operating lease charges – land & buildings	160	151
Loss / (profit) on disposal of property, plant and equipment	2	(15)
Other operating costs	1,446	1,008
	<hr/>	<hr/>
	4,733	3,629
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	948	984
Amortisation of other intangible assets	162	76
Total amortisation of intangible assets	1,110	1,060
Depreciation of property, plant and equipment	110	57
Total depreciation and amortisation	1,220	1,117
Auditor's remuneration		
- The audit of the company's annual accounts	10	10
- The audit of the company's subsidiaries' annual accounts	39	27
- Tax Services	15	10
- Other Services – due diligence	14	12

An impairment loss of £2,086,000 was recognised in the Group Statement of Comprehensive Income for the year ended 30 April 2013 in respect of the impairment of an intangible asset. Further details are given in note 9. The deferred taxation credit associated with the impairment of this intangible asset of £667,000 was credited to the Group Statement of Comprehensive income during the year ended 30 April 2013 within the heading 'Taxation'.

# Ideagen plc

## Notes to the financial statements for the year ended 30 April 2014

### 4 Particulars of employees

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

	2014	2013
	Number	Number
Administrative staff	11	8
Sales and marketing	17	14
Technical and support	44	37
	<hr/>	<hr/>
	72	59

The aggregate payroll costs of these employees were as follows:

	2014	2013
	£'000	£'000
Wages and salaries	3,253	2,499
Social security costs	365	315
Other pension costs	32	20
Less: internal development costs capitalised	(525)	(349)
	<hr/>	<hr/>
	3,125	2,485
Share based payment costs	285	178
	<hr/>	<hr/>
	3,410	2,663

### 5 Finance income / (costs)

	2014	2013
	£'000	£'000
Bank interest receivable	10	1
Other interest payable	-	(15)
	<hr/>	<hr/>
	10	(14)

### 6 Directors' remuneration and share options

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

	2014	2013
	£'000	£'000
Directors' remuneration	358	417
Directors' pension contributions	-	-
	<hr/>	<hr/>
	358	417

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

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

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

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

The remuneration of each of the directors of the company during the year ended 30 April 2013 was as follows:

	<b>Salary or fees £</b>	<b>Bonuses £</b>	<b>Total £</b>
David Hornsby	108,182	34,000	142,182
Graeme Spenceley	73,332	27,000	100,332
Les Paul	68,533	12,000	80,533
Jonathan Wearing	10,000	-	10,000
Alan Carroll	12,998	-	12,998
Graham Harrop (resigned 12 March 2013)	64,631	-	64,631
Darren Spillane (resigned 1 June 2012)	6,000	-	6,000
	<hr/> 343,676	<hr/> 73,000	<hr/> 416,676

Bonuses for Graeme Spenceley during the year ended 30 April 2013 include a special payment of £15,000 in relation to the successful flotation of the company on AIM in July 2012. The remaining bonuses for Graeme Spenceley and David Hornsby were in respect of the successful completion of the acquisition and integration of Plumtree Group Ltd during the year ended 30 April 2013 and on achieving certain business related targets. The bonus for Les Paul was based on achieving certain business related targets.

The remuneration of the highest paid director during the year ended 30 April 2014 was £157,500 (2013: £142,182). None of the directors accrued any benefits under company pension schemes or received any benefits in kind or made any gains from the exercise of share options during the year ended 30 April 2014. The contracts of employment of the executive directors include notice periods of 6 months.

The following options have been granted to the directors over ordinary 1p shares in the company:

<b>Director</b>	<b>Number of outstanding options at 30 April 2013 and 30 April 2014</b>	<b>Exercise price (pence)</b>	<b>Number of options exercisable at 30 April 2014</b>	<b>Date granted</b>	<b>Date exercisable by</b>
David Hornsby	2,800,000	2.5	2,800,000	15 August 2009	14 August 2019
David Hornsby	1,333,333	9.0	888,888	20 October 2011	19 October 2021
David Hornsby	500,000	22.38	166,666	30 January 2013	29 January 2023
Graeme Spenceley	200,000	7.0	200,000	12 March 2010	11 March 2020
Graeme Spenceley	800,000	9.0	533,333	20 October 2011	19 October 2021
Graeme Spenceley	1,000,000	22.38	333,333	30 January 2013	29 January 2023
Les Paul	1,000,000	22.38	333,333	30 January 2013	29 January 2023

No share options were granted to or were exercised by directors or lapsed during the year ended 30 April 2014. Further information on share options is included at note 21 to the financial statements.

**7 Taxation**

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

	2014	2013
	£'000	£'000
<b>Current income tax</b>		
UK corporation tax on profit/(loss) for the current year	403	218
Overseas income tax charge	20	90
Adjustments in respect of prior years	(92)	(3)
	<u>331</u>	<u>305</u>
<b>Deferred income tax</b>		
Deferred income tax expense/(credit) for the current year	(133)	(808)
Adjustments to deferred income tax in respect of prior years	-	(9)
Total deferred income tax expense/(credit)	<u>(133)</u>	<u>(817)</u>
Total taxation expense/(credit) recognized in the current year	<u>198</u>	<u>(512)</u>

The tax expense/(credit) for the year is higher than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are reconciled below:

	2014	2013
	£'000	£'000
Profit/(loss) before taxation		
	<u>1,071</u>	<u>(1,317)</u>
Tax on profit/(loss) at standard rate of 23% (2013: 24%)	246	(316)
Expenses not deductible for tax purposes	110	95
Depreciation in excess of capital allowances	4	(1)
Gain not taxable	-	(36)
Marginal relief	-	(1)
Enhanced R&D tax relief	-	(19)
Effect on deferred tax from change in current tax rate	(4)	(16)
Different tax rates in overseas jurisdictions	(27)	(186)
Utilisation of tax losses brought forward	(108)	(45)
Movement in deferred tax asset in respect of trading losses	69	25
Adjustments recognised in current year tax in respect of prior years	(92)	(12)
Tax expense/(credit) recognised for the current year	<u>198</u>	<u>(512)</u>

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

<b>Deferred income tax assets: Group</b>	Trading losses	Share-based payments	<b>Total</b>
	£'000	£'000	
At 1 May 2012	231	-	231
Recognised in profit or loss	(25)	-	(25)
At 30 April 2013	<u>206</u>	<u>-</u>	<u>206</u>
Recognised in profit or loss	(69)	36	(33)
At 30 April 2014	<u>137</u>	<u>36</u>	<u>173</u>

7 Taxation (continued)

Deferred income tax asset: Company	Trading losses £'000
At 1 May 2012	173
Recognised in profit or loss	13
At 30 April 2013	186
Recognised in profit or loss	(49)
At 30 April 2014	137

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

In addition to the recognised deferred income tax assets set out above, there are also unrecognised deferred income tax assets in both the Group and the Company at 30 April 2014 of £110,000 (2013: £154,000) in respect of trading losses and £396,000 (2013: £157,000) in respect of share-based payments.

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

Group	Deferred tax liability: Intangibles £'000	Deferred tax liability: Other temporary differences £'000	Total £'000
At 1 May 2012	(1,167)	-	(1,167)
Recognised in profit or loss	875	(33)	842
Foreign exchange differences	-	(1)	(1)
Recognised on business combinations	(470)	-	(470)
At 30 April 2013	(762)	(34)	(796)
Recognised in profit or loss	133	33	166
Foreign exchange differences	-	1	1
Recognised on business combinations	(748)	-	(748)
At 30 April 2014	(1,377)	-	(1,377)

**Factors that may affect future tax charges**

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and then to 20% from 1 April 2015 was included in the Finance Act 2013 which was substantively enacted in July 2013 and hence the deferred tax balances in these accounts have been calculated at a rate of 20%.

8 Earnings per share

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

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

**8 Earnings per share (continued)**

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

Year ended 30 April 2014	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
<b>Basic EPS</b>			
Profit for the year attributable to equity holders of the parent	873	121,823,670	0.72
Effect of dilutive securities: share options	-	6,445,784	
<b>Diluted EPS</b>			
Profit for the year attributable to equity holders of the parent	873	128,269,454	0.68
Year ended 30 April 2013	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
<b>Basic and diluted EPS</b>			
Loss for the year attributable to equity holders of the parent	(805)	92,127,940	(0.87)

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

	2014	2013
	£'000	£'000
Profit/(loss) for the year attributable to equity holders of the parent	873	(805)
Adjustments:		
Costs of acquiring businesses	246	88
Share-based payment charges	285	178
Deferred taxation on share-based payment charges	(36)	-
Amortisation of acquisition-related intangibles (Note 3)	948	984
Deferred taxation on amortisation of acquisition-related intangibles	(179)	(268)
Movement in fair value of contingent consideration	-	(150)
Impairment loss recognised on acquisition intangible	-	2,086
Deferred taxation on impairment of acquisition intangible	-	(668)
Adjusted earnings	2,137	1,445
Weighted average number of shares: Basic adjusted EPS calculation	121,823,670	92,127,940
Effect of dilutive securities: share options	6,445,784	5,056,856
Weighted average number of shares: Diluted adjusted EPS calculation	128,269,454	97,184,796
<b>Adjusted earnings per share:</b>		
	2014	2013
	pence	pence
Basic	1.75	1.57
Diluted	1.67	1.49

**Ideagen plc**

**Notes to the financial statements for the year ended 30 April 2014**

**9 Intangible assets**

**Group**

	<b>Goodwill</b> £'000	<b>Software</b> £'000	<b>Customer relationships</b> £'000	<b>Development costs</b> £'000	<b>Customer contract</b> £'000	<b>Total</b> £'000
<b>Cost</b>						
At 1 May 2012	2,729	936	1,314	277	2,823	8,079
Acquisition through business combination	690	1,206	1,084	-	-	2,980
Additions from internal development	-	-	-	349	-	349
At 30 April 2013	<u>3,419</u>	<u>2,142</u>	<u>2,398</u>	<u>626</u>	<u>2,823</u>	<u>11,408</u>
Acquisition through business combinations	939	1,833	1,904	-	-	4,676
Additions from internal development	-	-	-	525	-	525
Disposals	-	-	-	-	(2,823)	(2,823)
At 30 April 2014	<u>4,358</u>	<u>3,975</u>	<u>4,302</u>	<u>1,151</u>	<u>-</u>	<u>13,786</u>
<b>Amortisation</b>						
At 1 May 2012	-	200	147	27	172	546
Amortisation expense	-	279	170	46	565	1,060
Impairment recognised in statement of comprehensive income	-	-	-	-	2,086	2,086
At 30 April 2013	-	<u>479</u>	<u>317</u>	<u>73</u>	<u>2,823</u>	<u>3,692</u>
Amortisation expense	-	641	338	131	-	1,110
Disposals	-	-	-	-	(2,823)	(2,823)
At 30 April 2014	-	<u>1,120</u>	<u>655</u>	<u>204</u>	<u>-</u>	<u>1,979</u>
<b>Net carrying amount</b>						
At 30 April 2014	<u>4,358</u>	<u>2,855</u>	<u>3,647</u>	<u>947</u>	<u>-</u>	<u>11,807</u>
At 30 April 2013	<u>3,419</u>	<u>1,663</u>	<u>2,081</u>	<u>553</u>	<u>-</u>	<u>7,716</u>

The customer contract was acquired in a business combination in 2012 and was being amortised over the expected life of the contract of 5 years. The contract included a 'termination for convenience clause' and in May 2013 the Company was informed by the customer that this clause was being invoked and that the contract would come to an end with immediate effect.

The remaining unamortised value of this intangible asset was considered to be impaired in full and an impairment loss of £2,086,000 was recognised in the Consolidated Statement of Comprehensive income for the year ended 30 April 2013.

**9 Intangible assets (continued)****Goodwill**

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

	£'000
Ideagen Software / Ideagen Capture / Proquis CGU	2,729
Plumtree / MSS CGU	881
Pentana CGU	748
	<u>4,358</u>

These amounts were tested for impairment at 30 April 2014 by comparing the carrying value of the cash-generating unit with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

- (i) The operating cash flows for these businesses for the year to 30 April 2015 are taken from the budget approved by the Board which is closely linked with recent historical performance and current sales opportunities. The operating cash flow budget is most sensitive to the level of new business sales;
- (ii) No growth has been assumed in operating cash flows for the remainder of the value in use calculation period;
- (iii) A pre-tax discount rate of 10% has been used;
- (iv) The use of cash flow projections over longer than a 5 year period is considered appropriate as the businesses of all of the CGUs have been operating for over 20 years, have strong and growing recurring revenue bases and the Group continues to invest in the development of the products in each CGU.

Ideagen Software / Ideagen Capture / Proquis

On the basis of the above assumptions, over a 10 year projection period, the recoverable amount of the CGU based on value in use is estimated to exceed the carrying amount by £2,017,000. Over a 15 year projection period, the recoverable amount of the CGU, based on value in use, is estimated to exceed the carrying amount by £3,235,000. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently 36% below the no-growth assumption used in the value in use calculation over a 10 year projection period to cause the carrying amount to exceed the recoverable amount. Over a 15 year value in use projection period, operating cash inflows would need to be consistently 50% below the no-growth assumption used in the value in use calculation to cause the carrying amount to exceed the recoverable amount. Based on the historic sales performance of the business and actions being taken to grow the business further, the directors do not currently expect this to be the case.

Plumtree / MSS

On the basis of the above assumptions, over a 10 year projection period, the recoverable amount of the CGU based on value in use is estimated to exceed the carrying amount by £4,995,000. Over a 15 year projection period, the recoverable amount of the CGU, based on value in use, is estimated to exceed the carrying amount by £6,854,000. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently 64% below the no-growth assumption used in the value in use calculation over a 10 year projection period to cause the carrying amount to exceed the recoverable amount. Over a 15 year value in use projection period, operating cash inflows would need to be consistently 71% below the no-growth assumption used in the value in use calculation to cause the carrying amount to exceed the recoverable amount. Based on the historic sales performance of the business and actions being taken to grow the business further, the directors do not currently expect this to be the case.

Pentana

On the basis of the above assumptions, over a 10 year projection period, the recoverable amount of the CGU based on value in use is estimated to exceed the carrying amount by £1,218,000. Over a 15 year projection period, the recoverable amount of the CGU, based on value in use, is estimated to exceed the carrying amount by £2,105,000. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently 33% below the no-growth assumption used in the value in use calculation over a 10 year projection period to cause the carrying amount to exceed the recoverable amount. Over a 15 year value in use projection period, operating cash inflows would need to be consistently 46% below the no-growth assumption used in the value in use calculation to cause the carrying amount to exceed the recoverable amount. Based on the historic sales performance of the business and actions being taken to grow the business further, the directors do not currently expect this to be the case.

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

Development costs are internally generated. At 30 April 2014, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £313,000 (2013: £437,000). At 30 April 2014, the carrying amount of completed development projects on which amortisation is being charged is £634,000 (2013: £116,000). The weighted average remaining amortisation period of these assets at 30 April 2014 is 3.8 years (2013: 2.5 years).

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

	2014 Remaining amortisation period (years)	2013 Remaining amortisation period (years)	2014 Carrying amount £'000	2013 Carrying amount £'000
<b>Ideagen Capture</b>				
Customer relationships	6.2	7.2	299	347
Software	1.0	2.0	4	8
<b>Ideagen Software</b>				
Customer relationships	6.9	7.9	291	333
Software	1.9	2.9	53	80
<b>Proquis</b>				
Customer relationships	7.7	8.7	315	356
Software	2.6	3.6	301	416
<b>Plumtree</b>				
Customer relationships	8.6	9.6	937	1,045
Software	3.6	4.6	858	1,114
<b>Ideagen plc</b>				
Software	0.5	1.5	15	45
<b>Pentana</b>				
Customer relationships	9.5	-	1,486	-
Software	4.5	-	1,148	-
<b>MSS</b>				
Customer relationships	9.2	-	320	-
Software	4.2	-	478	-

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

The intangible assets of the Company are as follows:

	<b>Software</b> £'000	<b>Development costs</b> £'000	<b>Total</b> £'000
<b>Cost</b>			
At 1 May 2012	121	190	311
Additions from internal development	-	23	23
At 30 April 2013	121	213	334
Additions from internal development	-	199	199
At 30 April 2014	121	412	533
<b>Amortisation</b>			
At 1 May 2012	45	25	70
Amortisation expense	31	33	64
At 30 April 2013	76	58	134
Amortisation expense	30	53	83
At 30 April 2014	106	111	217
<b>Net carrying amount</b>			
At 30 April 2014	15	301	316
At 30 April 2013	45	155	200

**Ideagen plc**

**Notes to the financial statements for the year ended 30 April 2014**

**10 Property, plant and equipment**

**Group**

	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Leasehold improvements</b>	<b>Loan equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 May 2012	47	183	5	-	-	235
Additions	3	42	-	11	66	122
Acquisition through business combination	12	23	3	15	6	59
Disposals	-	-	(8)	-	-	(8)
At 30 April 2013	62	248	-	26	72	408
Additions	1	46	-	10	8	65
Acquisition through business combination	2	33	-	4	-	39
Disposals	-	-	-	-	(41)	(41)
Foreign currency exchange differences	-	(1)	-	(1)	-	(2)
At 30 April 2014	65	326	-	39	39	469
<b>Depreciation</b>						
At 1 May 2012	25	129	-	-	-	154
Depreciation expense	7	37	2	4	7	57
Disposals	-	-	(2)	-	-	(2)
At 30 April 2013	32	166	-	4	7	209
Depreciation expense	15	57	-	14	24	110
Disposals	-	-	-	-	(15)	(15)
Foreign currency exchange differences	-	(1)	-	-	-	(1)
At 30 April 2014	47	222	-	18	16	303
<b>Net carrying amount</b>						
At 30 April 2014	18	104	-	21	23	166
At 30 April 2013	30	82	-	22	65	199

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

**Company**

	<b>Fixtures and Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 May 2012	22	130	152
Additions	1	21	22
At 30 April 2013	23	151	174
Additions	-	4	4
At 30 April 2014	23	155	178
<b>Accumulated depreciation</b>			
At 1 May 2012	18	105	123
Depreciation expense	1	14	15
At 30 April 2013	19	119	138
Depreciation expense	2	14	16
At 30 April 2014	21	133	154
<b>Net carrying amount</b>			
As at 30 April 2014	2	22	24
As at 30 April 2013	4	32	36

**11 Fixed asset investments**

**Company**

	<b>Shares in subsidiaries</b>
<b>Cost</b>	<b>£'000</b>
As at 1 May 2012	5,683
Addition in the year	2,500
As at 30 April 2013	<u>8,183</u>
Additions in the year	4,566
Transfers of shares to other group companies	(1,595)
Capital contributions to subsidiary companies	208
As at 30 April 2014	<u>11,362</u>

**Impairments**

As at 1 May 2012	-
Impairment recognised in statement of comprehensive income	1,368
As at 30 April 2013 & 30 April 2014	<u>1,368</u>

**Net carrying amount**

As at 30 April 2014	9,994
As at 30 April 2013	<u>6,815</u>

At 30 April 2014 the Company held 20% or more of the nominal value of any class of share capital of the companies set out below. All of these companies are incorporated in England & Wales with the exceptions of Proquis Inc. and Pentana Inc. which are incorporated in the United States of America.

**Ideagen plc**

**Notes to the Consolidated Financial Statements for the Year Ended 30 April 2014**

**11 Fixed asset investments (continued)**

<b>Name of subsidiary</b>	<b>Nature of business</b>	<b>Class of shares</b>	<b>% held</b>
Ideagen Software Limited	Sale of software licences, software maintenance and related professional services	Ordinary	100
Plumtree Group Limited	Sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary	100
Pentana Limited	Sale of software licences, software maintenance and related professional services	Ordinary	100
Pentana Inc.	Sale of software licences, software maintenance and related professional services	Ordinary	100
Proquis Inc.	Sale of software licences, software maintenance and related professional services	Ordinary	100
MSS Management Systems Services Ltd	Dormant from 1 May 2014	Ordinary	100
Ideagen Capture Limited	Dormant from 1 May 2014	Ordinary	100
Proquis Limited	Dormant	Ordinary	100
Filebutton Limited	Dormant	Ordinary	100
Root3 Systems Limited	Dormant	Ordinary	100
Ideagen Systems Limited	Dormant	Ordinary	100

**12 Inventories**

<b>Group</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	389	-

**13 Trade and other receivables**

<b>Group</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	3,400	1,575
Prepayments and accrued income	221	359
Other receivables	16	38
	<hr/> <hr/> 3,637	<hr/> <hr/> 1,972

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

**Company**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current</b>		
Trade receivables	698	252
Prepayments and accrued income	14	10
Amounts receivable from subsidiaries	680	300
Other receivables	16	38
	<hr/> <u>1,408</u>	<hr/> <u>600</u>
<b>Non-Current</b>		
Amounts receivable from subsidiaries	-	167

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

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

<b>Group</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Not yet overdue	2,098	780
1 – 30 days overdue	829	443
30 – 60 days overdue	128	76
60+ days overdue	396	296
	<hr/> <u>3,451</u>	<hr/> <u>1,595</u>
Allowance for doubtful debts (all against debts 60+ days overdue)	<hr/> <u>(51)</u>	<hr/> <u>(20)</u>
	<hr/> <u>3,400</u>	<hr/> <u>1,575</u>
<b>Company</b>		
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Not yet overdue	639	95
1 – 30 days overdue	4	55
30 – 60 days overdue	10	45
60+ days overdue	83	75
	<hr/> <u>736</u>	<hr/> <u>270</u>
Allowance for doubtful debts (all against debts 60+ days overdue)	<hr/> <u>(38)</u>	<hr/> <u>(18)</u>
	<hr/> <u>698</u>	<hr/> <u>252</u>

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

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

<b>Group</b>	<b>2014</b> £'000	<b>2013</b> £'000
Balance at the start of the year	20	12
On acquisition of business	13	-
Impairment losses recognised	20	8
Amounts written off as uncollectable	(2)	-
Balance at the end of the year	<u>51</u>	<u>20</u>

<b>Company</b>	<b>2014</b> £'000	<b>2013</b> £'000
Balance at the start of the year	18	10
Impairment losses recognised	20	8
Amounts written off as uncollectable	-	-
Balance at the end of the year	<u>38</u>	<u>18</u>

**14 Trade and other payables**

<b>Group</b>	<b>2014</b> £'000	<b>2013</b> £'000
Trade payables	1,384	896
Other taxes and social security payables	479	380
Accruals	558	360
	<u>2,421</u>	<u>1,636</u>

<b>Company</b>	<b>2014</b> £'000	<b>2013</b> £'000
Trade payables	145	84
Other taxes and social security payables	94	151
Amounts payable to subsidiaries	772	3
Accruals	199	135
	<u>1,210</u>	<u>373</u>

**15 Contingent consideration on business acquisitions**

**Group and Company**

	2014 £'000	2013 £'000
Contingent consideration on the acquisition of MSS Management Systems Services Limited	47	-
Contingent consideration on the acquisition of Pentana Limited	280	-
	327	-

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

Part of the consideration for the acquisition of Pentana Limited in November 2013 was contingent on the achievement of certain revenue targets in the 12 month period following the completion of the acquisition. The contingent amount payable under this arrangement will range from £nil to £800,000. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £280,000. The contingent consideration payable is estimated to be between £200,000 and £400,000.

*Movement in the fair value of contingent consideration in the year ended 30 April 2013*

Part of the consideration for the acquisition of Ideagen Capture Limited in March 2010 was contingent on the achievement of certain revenue and profitability targets in the period following the acquisition. The contingent consideration payable under this arrangement was agreed during the year ended 30 April 2013 at a total of £137,000 resulting in a gain of £50,000. This gain was included as a movement in the fair value of contingent consideration in the Statement of Comprehensive Income for the year ended 30 April 2013.

On the acquisition of Proquis Limited in January 2012, a liability of £100,000 was recognised in respect of contingent cash consideration which would become payable on the renewal of a contract option by a customer. This contract is no longer ongoing and accordingly the contingent consideration will not become payable. The resulting gain of £100,000 was included as a movement in the fair value of contingent consideration in the Statement of Comprehensive Income for the year ended 30 April 2013.

**16 Current income tax liabilities**

**Group**

	2014 £'000	2013 £'000
Current income tax liabilities	283	311
	283	311

**17 Deferred consideration on business acquisitions**

**Group and Company**

	2014 £'000	2013 £'000
Deferred consideration on acquisition of MSS Management Systems Services Limited	50	-
Deferred consideration on acquisition of Filebutton Limited	-	100
	50	100

The remaining deferred consideration payable in respect of the acquisition of Filebutton Limited of £100,000 was paid in May 2013. The deferred consideration in respect of the acquisition of MSS Management Systems Services Limited of £50,000 was paid in July 2014.

**18 Business combinations**

*Acquisition of MSS Management Systems Services Limited*

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

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

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

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

**18 Business combinations (continued)**

The fair value of the consideration at the date of acquisition is as follows:	£'000
Cash paid at completion	765
Deferred consideration payable in cash 12 months after the date of acquisition (note 17)	50
Contingent consideration payable in cash (note 15)	47
	<hr/>
Total consideration	862

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

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

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

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

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

**18 Business combinations (continued)***Acquisition of Pentana Limited*

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

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

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

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

	£'000
The fair value of the consideration at the date of acquisition is as follows:	
Cash paid at completion	3,425
Contingent consideration payable in cash (note 15)	280
Total consideration	<hr/> 3,705

The Share Purchase Agreement in respect of the acquisition of Pentana Limited provided for the possibility of contingent consideration of up to a maximum amount of £800,000. This further consideration was contingent upon the achievement of certain revenue targets by Pentana Limited in the 12 months following the completion of the acquisition. At the date of the acquisition, the directors assessed the fair value of the contingent consideration payable at £280,000.

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

**18 Business Combinations (continued)**

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

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

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

*Acquisition of Plumtree Group Limited*

On 21 December 2012, the company acquired 100% of the issued ordinary share capital of Plumtree Group Limited, a company domiciled in England. The acquisition of Plumtree Group Limited is expected to enhance the Group's existing business through the addition of a significant number of NHS customers together with intellectual property and a recurring revenue stream.

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

	£'000
<b>Non-current assets</b>	
Customer relationships intangible	1,084
Software intangible	1,206
Property plant and equipment	59
<b>Current assets</b>	
Trade and other receivables	476
Cash and cash equivalents	187
<b>Current liabilities</b>	
Trade and other payables	(241)
Deferred revenue	(344)
Current income tax	(87)
Other loans	(60)
<b>Non-current liabilities</b>	
Deferred tax	(470)
Net identifiable assets acquired	<u>1,810</u>

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

**18 Business Combinations (continued)**

The fair value of the consideration at the date of acquisition is as follows:	£'000
Shares issued at completion	900
Cash paid at completion	1,600
<b>Total consideration</b>	<b>2,500</b>

The consideration payable in shares at completion was satisfied by the issue of 4,500,000 shares in Ideagen plc at 20 pence per share.

Goodwill arising on the acquisition is as follows:	£'000
Fair value of consideration at date of acquisition	2,500
Less: fair value of net identifiable assets acquired	(1,810)
<b>Goodwill arising on acquisition</b>	<b>690</b>

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

The costs of the acquisition of £88,000 have been expensed as a separate line within the Group Statement of Comprehensive Income for the year ended 30 April 2013. The Group Statement of Comprehensive Income for the year ended 30 April 2013 includes revenue of £1,641,000 and profit after taxation of £423,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Plumtree Group Limited had been completed on 1 May 2012 is impracticable as the accounting reference date for Plumtree Group Limited was previously 31 March and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on the acquisition of Plumtree Group Limited:	£'000
Consideration paid in cash	1,600
Less: cash acquired in subsidiary	(187)
<b>Net cash outflow on acquisition of subsidiary</b>	<b>1,413</b>

## 19 Equity share capital, share premium and other reserves

## Group and Company

	2014	2013
	£'000	£'000
<b>Issued and fully paid share capital:</b>		
121,890,656 ordinary shares of £0.01 each (2013: 121,740,656 shares)	1,219	1,217
<b>Share premium</b>		
	6,870	6,867

*Shares issued in the year ended 30 April 2014*

On 11 October 2013, 150,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options through the Enterprise Management Incentive Scheme operated by the company.

*Shares issued in the year ended 30 April 2013*

On 19 December 2012, 11,577,106 ordinary shares were issued under a share placing at 19 pence per share. Share premium of £2,084,000 arose on this issue of shares. Share issue costs of £59,000 were deducted from the share premium account.

On 21 December 2012, 4,500,000 ordinary shares were issued at 20 pence per share as part of the consideration for the purchase of the whole of the ordinary share capital of Plumtree Group Limited. A merger reserve of £855,000 arose on this issue of shares.

On 10 January 2013, following approval at a General Meeting of the company, a further 20,001,842 ordinary shares were issued under a share placing at 19 pence per share. Share premium of £3,600,000 arose on this issue of shares. Share issue costs of £170,000 were deducted from the share premium account.

On 10 January 2013, 7,275,270 ordinary shares were issued at 10.5 pence per share as part of the deferred consideration for the purchase of Proquis Limited. 4,000,000 of these shares had been contingent on the level of revenue from a major US customer in the twelve months following acquisition and the remaining 3,275,270 shares had been contingent on the renewal of an option by the same major US customer to continue with a particular contract. A merger reserve of £691,000 arose on this issue of shares.

On 5 February 2013, 304,880 ordinary shares were issued at 7.5 pence per share as part of the contingent consideration for the purchase of Ideagen Capture Limited. A merger reserve of £20,000 arose on this share issue.

On 5 February 2013, 200,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options through the Enterprise Management Incentive Scheme operated by the company. Share premium of £3,000 arose on this share issue.

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>	<u>1,167</u>	<u>1,167</u>
<b>Company</b>	<u>1,218</u>	<u>1,218</u>

During the year ended 30 April 2013 an impairment loss of £2,086,000 on an intangible asset acquired on a business combination together with the deferred tax credit of £667,000 associated with this intangible asset were recognised in the Consolidated Statement of Comprehensive Income. The net loss of £1,419,000 was realised in the Group merger reserve which arose on the same business combination.

During the year ended 30 April 2013 an impairment loss of £1,368,000 on an investment in a subsidiary was recognised in the Statement of Comprehensive Income of the Company. This loss has been realised in the Company merger reserve which arose on the acquisition of the same subsidiary.

*Retained earnings*

Retained earnings of both the Group and the Company includes £1,336,000 transferred from the Deferred Equity Consideration Reserve in the year ended 30 April 2013. This does not represent a realised profit and is not distributable.

**20 Dividends**

An interim dividend in respect of the year to 30 April 2014 of 0.05 pence per ordinary share (2013: nil) was paid to shareholders on 6 March 2014. The total cost of this dividend was £61,000 (2013: £nil).

The directors have proposed the payment of a final dividend of 0.1 pence per ordinary share (2013: nil) on 12 November 2014 subject to approval by shareholders at the forthcoming Annual General Meeting. The total estimated cost of this dividend is £123,000.

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

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

**21 Share-based payments and Share Options (continued)**

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

**Year ended 30 April 2014**

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

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

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

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

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

**Year ended 30 April 2013**

	Number of options	Weighted average exercise price
<b>Outstanding at 1 May 2012</b>	7,454,333	5.7 pence
Granted during the year	4,500,000	22.38 pence
Exercised during the year	(200,000)	2.5 pence
<b>Outstanding at 30 April 2013</b>	<hr/> 11,754,333	<hr/> 12.1 pence
<b>Exercisable as at 30 April 2013</b>	<hr/> 5,362,111	<hr/> 4.7 pence

Of the options outstanding at 30 April 2013, 36,000 options have an exercise price of 20 pence, 3,475,000 options have an exercise price of 2.5 pence, 200,000 options have an exercise price of 7 pence, 1,410,000 options have an exercise price of 8.5 pence, 2,133,333 options have an exercise price of 9 pence and 4,500,000 options have an exercise price of 22.38 pence.

The price of Ideagen plc ordinary shares at the date of exercise of the options noted above was 23.25 pence. The fair value of the options exercised during the year at the date the options were granted was 1.28 pence per share. The total fair value of the options exercised during the year at the date the options were granted was £2,560. This amount was transferred from the share-based payment reserve to retained earnings during the year.

**21 Share-based payments and Share Options (continued)**

The weighted average remaining contractual life of the outstanding options at 30 April 2013 is 8.2 years.

The fair value of the options granted during the year ended 30 April 2013 was estimated at the date of grant using the Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

Share price at grant date	22.38 pence
Exercise price	22.38 pence
Expected volatility	62%
Expected dividend yield	0%
Expected option life	5 years
Risk-free interest rate	1.21%
Fair value of option	11.8 pence

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

During the year ended 30 April 2013 the group recognised expenses of £178,000 in the Statement of Comprehensive Income in relation to its equity-settled share option scheme. These option charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2013 amounted to £313,000.

***Other outstanding share options***

In addition to the options granted under the terms of the Enterprise Management Incentive share option scheme disclosed above, a total of 297,850 further options were granted by the company in 2005 and 2006 and remained outstanding at both 30 April 2014 and 30 April 2013. Of the total outstanding at 30 April 2014, 114,100 options are exercisable at any time prior to 12 May 2015 at an exercise price of 28 pence each, 15,000 options are exercisable at any time prior to 6 July 2015 at 28 pence, 88,750 options are exercisable at any time prior to 21 November 2015 at 20 pence and 80,000 options are exercisable at any time prior to 25 October 2016 at 10 pence.

**22 Capital management**

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

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

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

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

**23 Operating lease commitments**

As at 30 April 2014 the group had aggregate commitments under non-cancellable operating leases which expire as follows:

	<b>Land &amp; Buildings</b>	<b>Land &amp; Buildings</b>
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	46	10
Between one and two years	122	101
Between two and five years	-	242
	<hr/>	<hr/>
	168	353

**24 Pension schemes**

The group operates a defined contribution pension scheme for certain employees. The pension cost charge for the year represents contributions payable by the group into both this scheme and into individual pension arrangements in respect of certain employees on a defined contribution basis and amounted to £32,000 (2013: £20,000).

**25 Cash and cash equivalents**

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

**Group**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Cash and bank balances	4,011	6,372

**Company**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Cash and bank balances	1,816	4,264

**26 Related party transactions**

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

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

A loan to the company of £10,000 from Mr D R K Hornsby, a director, was included in current borrowings at 30 April 2011. This loan was repaid by the company during the year ended 30 April 2012. No interest was payable on this loan.

Trade payables in the Company at 30 April 2014 also include £28,487 (2013: £28,487) payable to Glacier Software Limited, a company controlled by Mr D R K Hornsby. These amounts are in respect of fees for Mr D R K Hornsby as a director of the Company.

At 30 April 2013, trade and other payables in the Company included £3,627 (2013: £1,617) payable to Ultris Limited, a company in which Mr A M Carroll is a director and shareholder. This amount is in respect of fees payable to Mr A M Carroll as a director of the Company. The amounts payable to Ultris Limited for the services of Mr A M Carroll as a director of the Company are included in the remuneration of directors disclosed in note 6.

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

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

*Acquisition of a business*

On 24 June 2014, Ideagen plc acquired the whole of the issued share capital of EIBS Limited ('EIBS'), a company domiciled in England. EIBS has developed proprietary Information Portal, Internet and Mobile software solutions for the NHS and numerous public sector, not for profit and commercial organisations. The acquisition of EIBS is expected to enhance the Group's existing business through the addition of strong mobile and portal intellectual property and the client base of EIBS.

The total consideration for the acquisition of EIBS was £1,550,000 which was paid in cash on completion of the acquisition. No deferred or contingent consideration is payable.

The cash balance acquired in EIBS at the date of acquisition was £301,000 and accordingly the net cash outflow on acquisition of EIBS was £1,249,000.

With the exception of the cash balance acquired in EIBS, the initial review of the fair values of other separable assets and liabilities acquired has not yet been completed and accordingly information has not been presented on the fair values of assets and liabilities acquired, including the recoverability of receivables and the fair value of acquired goodwill.

The costs of the acquisition of £73,000 will be expensed within a separate line in the Group Statement of Comprehensive Income for the year ending 30 April 2015. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of EIBS had been completed on 1 May 2013 is impracticable as the accounting reference date for EIBS was previously 31 July and it did not prepare comparable revenue and profit information on a monthly basis.

*Issues of ordinary shares*

In order to satisfy the exercise of share options, the company issued 500,000 shares at 2.5 pence each on 15 May 2014, 129,100 shares at 28 pence on 2 June 2014 and 333,333 shares at 22.38 pence on 7 August 2014.